

**OFFERING MEMORANDUM**

of

**21 SOLSTICE FUNDS SICAV P.L.C.**

A collective investment scheme organised as a multi-fund limited liability investment company with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority with Licence Number SV 471 under the Investment Services Act, Cap 370 of the Laws of Malta as a Professional Investor Fund.

**This Offering Memorandum may not be distributed unless accompanied by, and must be read in conjunction with, the Offering Supplement/s for the Shares of the Fund/s being offered.**

**5 MARCH 2018**

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## IMPORTANT INFORMATION

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THE COMPANY IS ORGANISED UNDER THE LAWS OF MALTA AS A MULTI-FUND LIMITED LIABILITY INVESTMENT COMPANY WITH VARIABLE SHARE CAPITAL (SICAV) PURSUANT TO THE COMPANIES ACT, CAP 386 OF THE LAWS OF MALTA. THE COMPANY MAY ISSUE SEPARATE CLASSES OF SHARES CONSTITUTING INDIVIDUAL FUNDS (EXCEPT FOR THE CLASS OF SHARES DENOMINATED AS FOUNDER SHARES AND OTHER CLASSES OF SHARES AS MAY BE ESTABLISHED ACCORDING TO LAW) EACH CONSTITUTING SEPARATE PATRIMONIES IN TERMS OF LEGAL NOTICE 241 OF 2006. THE FUNDS SO CONSTITUTED ARE REGULATED AS COLLECTIVE INVESTMENT SCHEMES IN MALTA UNDER THE INVESTMENT SERVICES ACT. THE COMPANY IS LICENSED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS A PROFESSIONAL INVESTOR FUND AND AS A DE MINIMIS SELF-MANAGED COLLECTIVE INVESTMENT SCHEME IN TERMS OF DIRECTIVE 2011/61/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 8 JUNE 2011 ON ALTERNATIVE INVESTMENT FUND MANAGERS.

PROFESSIONAL INVESTOR FUNDS ARE COLLECTIVE INVESTMENT SCHEMES AS DEFINED BY SECTION 2(1) OF THE INVESTMENT SERVICES ACT, CAP 370 OF THE LAWS OF MALTA. SINCE PROFESSIONAL INVESTOR FUNDS SET UP AS QUALIFYING INVESTOR FUNDS ARE NOT SUBJECT TO ANY RESTRICTIONS ON THEIR INVESTMENT OR BORROWING POWERS, THE DEGREE OF RISK TO WHICH THEY MAY BE EXPOSED MAKES THEM UNSUITABLE FOR MEMBERS OF THE GENERAL PUBLIC. FURTHER THEY ARE NOT REGULATED TO THE SAME DEGREE AS OTHER COLLECTIVE INVESTMENT SCHEMES. ACCORDINGLY THEY MAY ONLY BE SOLD TO ELIGIBLE INVESTORS AS DEFINED IN EACH OFFERING SUPPLEMENT TO THIS OFFERING MEMORANDUM. PROFESSIONAL INVESTOR FUNDS ARE NON-RETAIL SCHEMES. THEREFORE THE PROTECTION NORMALLY ARISING AS A RESULT OF THE IMPOSITION OF THE MFSA'S INVESTMENT AND BORROWING RESTRICTIONS AND OTHER REQUIREMENTS FOR RETAIL SCHEMES DO NOT APPLY. INVESTORS IN PROFESSIONAL INVESTOR FUNDS ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN THE EVENT OF THE COMPANY'S FAILURE.

THE MFSA HAS MADE NO ASSESSMENT OR VALUE JUDGEMENT ON THE SOUNDNESS OF THE COMPANY OR ITS FUND OR FOR THE ACCURACY OR COMPLETENESS OF STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO IT. THE LICENSING OF THE COMPANY DOES NOT CONSTITUTE A WARRANTY BY THE MFSA AS TO THE PERFORMANCE OF THE COMPANY OR ITS FUND (AS DEFINED HEREIN) AND THE MFSA IS NOT IN ANY WAY LIABLE FOR THE PERFORMANCE OR DEFAULT OF THE COMPANY OR A FUND.

The Directors of the Company, whose names appear under the heading 'Functionaries and Officials' (the "Directors"), are the persons responsible for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

No broker, dealer, salesman or other person has been authorised by 21 Solstice Funds SICAV p.l.c. (the "Company"), its Directors, or any of the appointed functionaries of the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares (as defined herein) other than those contained in this Offering Memorandum and in the documents referred to herein, in connection with the offer hereby made, and if given or

made, such information or representations must not be relied upon as having been authorised by the Company, its Directors, or any of the appointed functionaries.

The Board of Directors of the Company has approved this Offering Memorandum. Investor Shares may only be held by an Eligible Investor as that term is defined in the Offering Supplement of the particular Fund.

This Offering Memorandum does not constitute, and may not be used as an offer or invitation to subscribe for Shares by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation. It is the responsibility of any persons in possession of this Offering Memorandum and any persons wishing to apply for Shares to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

Applications for the purchase of Investor Shares are accepted only on the basis of the current Offering Memorandum and related Offering Supplement. Any person relying on the information contained in this Offering Memorandum, which was current at the date shown, should check with the Company or the Administrator that this document is the most current version, and that no revisions or additions have been made nor corrections published to the information contained in this Offering Memorandum since the date shown.

The Investor Shares have not been nor will be registered under the United States Securities Act of 1933 (the “1933 Act”), as amended or under any State securities law and, except with the specific consent of the Directors, may not be offered or sold directly or indirectly, in the United States of America, its territories or possessions or any area subject to its jurisdiction (the “United States”) or to any U.S. Person (as defined in Regulation S of such Act, as amended from time to time). In addition the Company will not be registered under the United States Investment Company Act of 1940 (the “1940 Act”), as amended and the investors will not be entitled to the benefits of the 1940 Act. Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment companies, if the Company has more than 100 beneficial owners of its securities who are U.S. Persons, it may become subject to the 1940 Act. The Directors will not knowingly permit the number of holders of Shares who are U.S. Persons to exceed 10.

The Offering Memorandum and each Offering Supplement are subject to Maltese law and any dispute arising therefrom whether in contract, tort or otherwise shall be subject to the exclusive jurisdiction of the courts of Malta. Statements made in this Offering Memorandum are, except where otherwise stated based on the law and practice currently in force in Malta and are subject to changes therein. Unless otherwise indicated specifically, investment in the Company should be regarded as a long-term investment. Your attention is drawn to the sections headed “Risk Factors” of this Offering Memorandum and the relative Offering Supplement.

**Copies of this Offering Memorandum and related Offering Supplement/s are available from the Registered Office of the Company and the Administrator of the Fund/s.**

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## Definitions

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"Act"	the Investment Services Act, Cap 370 of the Laws of Malta.
"Accounting Period"	unless otherwise determined by the Board, a fiscal period of the Company commencing in the case of the first such period on the date of the first issue of shares and terminating on the 31 December 2018 and in any other case commencing on the 1 January and terminating on the 31 December.
"Administrator"	Amicorp Fund Services Malta Limited.
"Administration Agreement"	any agreement for the time being subsisting to which the Company and the Administrator are parties and relating to the appointment and duties of the Administrator.
"Application Form"	the application document used by investors when subscribing for Investor Shares.
"Articles"	the Articles of Association of the Company.
"Auditors"	means the auditors, for the time being, of the Company.
"Base Currency"	the base currency and accounting currency of the Company which shall be the Czech Koruna (CZK).
"Board" or "Directors"	the Board of Directors of the Company for the time being.
"Business Day"	a day on which banks are open for normal banking business in Malta (except Saturday) or such other day as the Directors may determine from time to time.
"Class"	a class of Shares denominated in the Fund Currency established in the relevant Offering Supplement.
"Company"	21 Solstice Funds SICAV p.l.c. registered in Malta as a multi-fund limited liability investment company with variable share capital.
"Custodian"	means an entity that provides custodial services to a Fund pursuant to the relevant agreement entered into by the Company.
"CZK"	Czech Koruna; legal currency of the Czech Republic
"Dealing Day"	a Business Day on which subscriptions and redemptions of Investor Shares are dealt and as further defined in the Offering Supplement for the Investor Shares being offered.
"Eligible Investor"	with respect to a Fund shall have the meaning provided in the "Definitions" section of the Offering Supplement of that Fund,

subject however to Appendix III of this Offering Memorandum.

“Euro” or “€”	means the currency of the European Monetary Union.
“FATCA”	means the Foreign Account Tax Compliance Act, enacted by the United States of America, as implemented in Malta by virtue of Legal Notice 78 of 2014 and guidelines issued thereunder by the Inland Revenue Department of Malta;
“FATF”	means the Financial Action Task Force, an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing.
“Founder Shares”	means the Shares, which shall not constitute a Fund of the Company, which the subscribers to the Memorandum and Articles of Association of the Company agree to subscribe for as set forth after their names in the Memorandum of Association, and being the only Shares carrying all voting rights.
“Fund”	means the distinct class or classes of shares constituting a sub-fund in the Company to which are allocated assets and liabilities distinct from other assets and liabilities allocated to other sub-funds in the Company.
“Fund Currency”	the currency of the Shares or Class of Shares in a Fund as established in the relevant Offering Supplement, which may be different from the Base Currency.
“Independent Qualified Valuer”	means a valuer who (i) is duly qualified and authorised in the country of his domicile to practice as a valuation professional (in the case of real estate, equivalent to an architect or civil engineer) under the laws of the country of his domicile; (ii) is independent of the Company, its officials or any service provider to the Company; (iii) is of good standing and an authorised member of a recognised professional body in the jurisdiction of the assets; (iv) has been appointed by the Directors in consultation with the Auditors.
“Initial Charge”	means an amount payable by an investor in relation to the issue of Investor Shares as may be specified in the Offering Memorandum or in the Offering Supplement.
“Initial Offer Period”	a period of time specified in the Offering Supplement of a Fund during which Investor Shares are offered at a specific price disclosed in that Offering Supplement.
“Initial Offer Price”	the offer price of Investor Shares applied for by prospective investors during the Initial Offer Period in accordance with the terms of the Offering Supplement.



"Investment Management Fee"	a fee payable in relation to the investment management of a Fund as described in the relevant Offering Supplement.
"Investment Committee"	a committee appointed by the Board of Directors to undertake certain tasks as detailed under the sub-heading 'The Investment Committee' under the heading 'Functionaries and Officials' in this Offering Memorandum.
"Investor Shares"	means Shares issued by a Fund to investors and excludes Founder Shares and "A" Ordinary Shares.
"Licence"	the collective investment scheme licence issued to the Company by the MFSA in favour of a Fund established and maintained by the Company.
"Malta"	the Republic of Malta.
"MFSA"	the Malta Financial Services Authority.
"Minimum Additional Subscription"	with respect to a Fund shall have the meaning provided in the Offering Supplement of that Fund.
"Minimum Commitment"	the minimum aggregate amount of subscription monies for Investor Shares sought by the Fund in the Initial Offer Period as detailed in the Fund's Offering Supplement.
"Minimum Holding"	with respect to a Fund shall have the meaning provided in the Offering Supplement of that Fund and such Minimum Holding shall apply at all times namely upon subscription or prior to any redemption, unless the value of an investor's holding falls below the Minimum Holding due to a decrease in the Fund's Net Asset Value.
"Minimum Redemption Amount"	with respect to a Fund shall have the meaning provided in the Offering Supplement of that Fund.
"Net Asset Value" / "NAV"	the net asset value of a Fund or per Share, calculated in accordance with Appendix I of this Offering Memorandum.
"Offering Memorandum"	this document in its entirety, together with the Offering Supplement for each Fund.
"Offering Supplement"	a supplement to this Offering Memorandum which must be read in conjunction with this Offering Memorandum in relation to a Fund to which the said supplement relates.
"Performance Fee"	a fee based on the performance of a Fund or of Investor Shares payable under such terms as are described in the Offering Supplement of that Fund.

“Portfolio Manager”	an individual or individuals who may be appointed by the Investment Committee to undertake certain tasks as detailed under the sub-heading ‘The Portfolio Manager’ under the heading ‘Functionaries and Officials’ in this Offering Memorandum.
“Prime Broker”	means an entity that provides brokerage services to a Fund pursuant to the relevant agreement/s entered into by the Company.
“Redemption Day”	means such Business Day as is specified in the Offering Supplement when Investor Shares may be redeemed.
“Redemption Fee”	if applicable with respect to a Fund, shall have the meaning provided in the “Definitions” section of the Offering Supplement of that Fund.
“Redemption Form”	the redemption document used by Shareholders when applying to redeem Investor Shares.
“Redemption Price”	the price at which Investor Shares may be redeemed on any Redemption Day, this being the applicable NAV per share for each class of Investor Shares in the Fund as calculated on the Valuation Day occurring on the relevant Redemption Day or, where the relevant Redemption Day does not fall on a Valuation Day, such NAV as calculated on the immediately preceding Valuation Day, in each case less any Redemption Fee as may be applicable.
"Register"	the register in which are listed the names of the Shareholders of the Company from time to time.
"Regulated Market"	any stock exchange or regulated market considered by the Company to provide a satisfactory market for the securities in question.
"Share"	a Share with or without nominal value issued in a Fund as described in the relevant Offering Supplement
"Shareholder/s"	a person who is registered as a holder of Shares in the Company.
“Special Purpose Vehicle” or “SPV”	a corporate vehicle set up by the Company as part of a Fund’s investment strategy for the purpose of achieving its investment objective and which is owned and controlled through majority of the voting shares directly or indirectly by the Company and which has a majority of its directors common with the Company.
“Unit”	a Share in a Fund

"VAT"

Value Added Tax

"Valuation Day"

as defined in the Offering Supplement for the Shares being offered.

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## Description of the Company

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The Company is a Collective Investment Scheme established as a multi-fund investment company with variable share capital. It is organised under the laws of Malta as a multi-fund investment company with variable share capital (SICAV) pursuant to the Companies Act, Chapter 386 of the Laws of Malta and Legal Notice 241 of 2006. The Company was incorporated on 14<sup>th</sup> February 2018 (Registration Number SV 471) with unlimited duration.

In terms of the Articles of Association of the Company, the holders of Founder Shares in the Company, shall be entitled to appoint all Directors of the Company. Unless otherwise provided in the terms of issue, Investor Shares in the Company shall not carry any voting rights.

Information on the Funds of the Company may be found in the relevant Offering Supplement/s to this Offering Memorandum relating to that Fund, a copy of which is available from the Registered Office of the Company and/or from the Administrator. The net proceeds from the issue of Investor Shares in a Fund will be invested in accordance with the Investment Objective and Investment Policies of that Fund.

Subject to the approval of the MFSA, the Company may establish a number of Funds, each with single or multiple classes of shares. Currently the Company has established one Fund: the Aphelium Real Estate Fund. Pursuant to Legal Notice 241 of 2006, the assets and liabilities of each individual Fund comprised in the Company shall constitute a patrimony separate from that of each other Fund of the Company so that the assets of one Fund shall be available exclusively for the creditors and holders of Shares in that Fund. The Aphelium Real Estate Fund is licensed by the Malta Financial Services Authority ("MFSA") as a Professional Investor Fund which is available to Qualifying Investors.

The Company may issue accumulation shares or distribution shares in respect of a Fund as described in the relevant Offering Supplement.

Detailed procedures of how to buy and sell Investor Shares are set out below in the section entitled "Buying and Selling" of this Offering Memorandum and the relevant Offering Supplement. Further information about the Shares and the Company is also set out in the section entitled "General Information" of this Offering Memorandum.

The registered office of the Company is:

21 Solstice Funds SICAV p.l.c.

Level 1, Blue Harbour Business Centre, Ta' Xbiex Seafront, Ta' Xbiex, XBX 1027, Malta.

Telephone: (00356) 2258 4700 Fax: (00356) 2258 4701.

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## **Investment Objectives and Investment Policies**

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### **Investment Objective**

The investment objective of a Fund is set out in the relevant Offering Supplement.

### **Investment Policy**

The investment policy of a Fund is set out in the relevant Offering Supplement.

### **Investment Management Strategy**

The investment management strategy of a Fund is set out in the relevant Offering Supplement.

### **Investment Restrictions**

The investment restrictions of a Fund are set out in the relevant Offering Supplement.

### **Amendments to the Investment Objective, Investment Policies and Investment Restrictions**

The procedure for changing the investment objective, investment policies or investment restrictions of a Fund is set out in the relevant Offering Supplement.

### **Duration of a Fund**

Unless otherwise specified in the relevant Offering Supplement, a Fund shall be of unlimited duration.

### **Fund Cross-Investments**

A Fund may invest in units of one or more Funds within the Company, subject to the following:

- a) the Fund is allowed to invest up to 50% of its assets into another Fund or other Funds within the Company;
- b) the target Fund may not itself invest in the Fund which is to invest in the target Fund/s within the Company;
- c) only one set of management, subscription and/or redemption fees applies between the Fund and the target Fund/s where the manager is the same or (in the case of different managers) where one manager is an affiliate of the other;
- d) for the purposes of ensuring compliance with any applicable capital requirements, cross-investments will be counted once;
- e) any voting rights acquired by the Fund from the acquisition of the units in the target Fund shall be disappplied.

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## Functionaries and Officials

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### **The Directors**

The Company's Board of Directors will be composed of not less than three (3) and not more than seven (7) individual Directors approved by the MFSA and appointed by the holders of Founder Shares upon incorporation of the Company. The board of Directors is currently composed of the following:

#### **Simon Grima**

Dr. Grima is currently a lecturer at the University of Malta faculty of Banking and Finance. He started his professional career with Bank of Valletta where he spent 15 years working at the Financial Markets and Internal Audit units. He then joined the MFSA's Securities Unit, and formed part of the compliance team and working groups to ensure the transposition of various EU directives into Maltese regulations. He later moved on to GlobalCapital plc where he headed the Internal Audit, Risk, Legal and Compliance department and then headed the Internal Audit team of MITA (the Government IT agency). Dr. Grima's qualifications include B.Com Management and Banking and Finance (UOM), B.Com (Hons) Banking and Finance (UOM), MSc Financial Management (London), MSc Audit Management and Consultancy (Birmingham City University) and a PhD (UOM). He is also a Fellow of the Institute of Financial Accountants and the Institute of Professional Financial Management.

#### **David Grech**

Mr. David Grech has over 16 years' experience within the Investment Funds Industry and currently acts as Non-Executive Director and Independent Investment Committee Member to a number of licensed entities. Since 2013 he has been a lecturer within the Banking and Finance Department of the University of Malta. In 2008 he joined HSBC Securities Services (Malta) Ltd. as Senior Manager Financial Reporting and Analysis. Since 2001 he worked for Valletta Fund Management Ltd, and later for Valletta Fund Services Ltd and for Bank of Valletta International Ltd since 1995. David is a qualified Certified Public Accountant and also holds a Master of Science Degree in Finance from the University of Leicester.

#### **Malcolm Mallia**

Dr. Malcolm Mallia holds a Bachelor of Commerce - Accounts and Business Management from the University of Malta and is a member of the International Register of Certificated Auditors (IRCA) as Auditor/Lead Auditor - ISO 9001 as well as a Master of Business Administration (MBA) from Henley Management College, UK. More recently he also graduated Doctor of Laws (LL.D) from the University of Malta. He has worked in various firms with responsibilities in financial control, internal audit and project management as well as a legal advisor.

### **The Company Secretary**

The Company Secretary of the Company is:

Amicorp Services Limited

Level 1, Blue Harbour Business Centre, Ta' Xbiex, XBX 1027, Malta.

Tel.: +356 2258 4700

Fax: +356 2258 4701

### **The Investment Committee**

The Board of Directors of the Company shall appoint an Investment Committee for each Fund as described in the relevant Offering Supplement. The Investment Committee will consist of a minimum of three (3) members, who shall be individuals and will be listed in the relevant Offering Supplement.

The Investment Committee of a Fund shall meet at least four (4) times a year with the majority of meetings to be held in Malta, and shall be responsible for the day-to-day management of the Funds, including amongst others the following:

- to monitor and review the investment policy and performance of a Fund;
- to establish and review guidelines for investment by a Fund;
- to issue rules for financial instrument selection and set the portfolio structure and asset allocation;
- to make recommendations to the Board of Directors.

The Investment Committee shall report to the Board of Directors on its activities and the performance of a Fund at least four (4) times a year.

### **The Portfolio Manager**

The Investment Committee may delegate the day-to-day management of the assets of a Fund to a Portfolio Manager as described in the relevant Offering Supplement. When appointed, the Portfolio Manager will be responsible for the day-to-day investment management and investment decisions which shall be taken in accordance with the investment objective and policy as described in this Offering Supplement and in accordance with any further guidelines issued, from time to time, by the Investment Committee.

When appointed, the Portfolio Manager shall ensure that the assets of the Fund are managed within the investment objectives, policies and restrictions of the Fund and is within any guidelines issued from time to time by the Investment Committee and shall report to the Investment Committee as may be required by the latter from time to time.

When appointed, further details on the Portfolio Manager may be found in the relevant Offering Supplement.

### **Service Providers**

The Company has appointed:

- an Administrator with the responsibility to carry out the duties of administration with respect to Company and each of its Funds;
- an Investment Committee with the responsibility to provide investment management with respect to the Aphelium Real Estate Fund;
- A Custodian with responsibility to provide safe-keeping of the listed assets of the Aphelium Real Estate Fund, to provide securities trading facilities and payment of financial instruments. Safe-keeping of documents of title to unlisted assets will be held at the Registered Office of the Company.

The Company has not appointed, other than the herein mentioned, any other service provider. The Company shall obtain the written consent of the MFSA before the appointment or replacement of any party to act in the capacity of Director, Portfolio Manager, member of the Investment Committee, Prime Broker, Custodian or Administrator to the Company and/or a Fund.

### **The Prime Broker**

When appointed in relation to a Fund with the approval of the MFSA, the Prime Broker will have such responsibilities as are described in the relevant Offering Supplement.

## **The Custodian**

When appointed in relation to a Fund with the approval of the MFSA, the Custodian will have such responsibilities as are described in the relevant Offering Supplement.

## **The Administrator**

Amicorp Fund Services Malta Limited has been appointed by the Company as Administrator to the Company and its Funds, pursuant to an administration agreement (“The Administration Agreement”), to perform certain administrative functions in relation to the Company and the Funds, including inter alia the calculation of the Net Asset Value, accounting services and transfer agency services. The Administrator may, subject to the written approval of the Company, sub-contract parts of its services to third parties.

The Administrator is entitled to receive a fee from the Company for its administrative services, details of which are given in the section under the heading “Fees, Charges and Expenses” of the relevant Offering Supplement.

The Administration Agreement contains provisions indemnifying the Administrator against actions and claims not resulting from its fraud, wilful default or negligence including the unjustifiable failure to perform in whole or in part its obligations. In the absence of any of the foregoing, the Administrator will not be liable to the Company. The Administration Agreement is subject to Maltese law and may be terminated by providing three months’ notice to the Company.

The Administrator is not responsible for any trading or investment decisions of or with respect to a Fund, or for the effect of such trading decisions on the performance of a Fund. Furthermore, the Administrator is not required and is under no obligation to value underlying assets (including unlisted/unquoted securities) in calculating the net asset value and/or verify pricing information and shall rely entirely upon on the price (including estimated prices) provided by the Company or the valuation agent of the Company or any other third party valuer and in such circumstances the Administrator will not be liable for any loss suffered by the Company, any Shareholder and/or third parties by reason of any incorrect or inaccurate valuation of the underlying assets and/or error in the price provided with respect to the value of the underlying assets (including unlisted/unquoted securities). Furthermore, the Administrator shall not be responsible for the selection, oversight or monitoring of any external agent or valuer appointed by the Company and shall not be liable for any losses incurred by any investor and/or third parties due to any act or omission of such external agent or valuer.

Amicorp Fund Services Malta Limited is a limited liability company registered under the laws of Malta, bearing Company Registration number C-51216 and is recognised in terms of article 9A(1) of the Investment Services Act to provide fund administration services by the Malta Financial Services Authority. The Administrator forms part of Amicorp Fund Services which is an integral part of the Amicorp Group, a worldwide financial services provider.

The Administrator can be contacted at:  
Amicorp Fund Services Malta Limited  
Level 1, Blue Harbour Business Centre, Ta’ Xbiex, XBX 1027, Malta.  
Tel.: +356 2258 4700  
Fax: +356 2258 4701  
Web-site: [www.amicorp-funds.com](http://www.amicorp-funds.com)



### **The Investment Adviser**

When appointed in relation to a Fund with the approval of the MFSA, the Investment Adviser will have such responsibilities as are described in the relevant Offering Supplement.

### **The Auditor**

Ernst & Young has been appointed as the Auditor of the Company.

The Auditor can be contacted at:

Ernst & Young Malta Limited  
Regional Business Center  
Achille Ferris Street  
Msida MSD1751, Malta.  
Tel: +356 2134 2134  
Fax: +356 2347 1600

### **Conflicts of Interest**

The Directors, the Administrator the members of the Investment Committee, the Portfolio Manager and other companies within their respective groups and their officers and major Shareholders are or may be involved in other financial, brokerage, investment or other professional activities which, in the course of their business, will on occasion give rise to conflicts of interest with the Company. In such circumstances, such persons will have appropriate regard to their respective obligations under the agreements appointing them to act in the best interests of the Company, so far as practicable having regard to their obligations to other clients or schemes. Having regard to these obligations, the Company may buy investments from or sell investments to such persons, provided that such dealings are on an arm's length basis and on terms no less favourable to the Company than could reasonably have been obtained had the dealing been effected with an independent third party. Such persons may also hold Shares in the Company. Should a conflict of interest arise, the Directors will endeavour to ensure that it is resolved fairly and the Company shall not be disadvantaged.

The following procedures shall be followed during Board Meetings, where a Director considers that s(he) has or may have a conflict of interest:

- that person should declare that interest to the other members either at the Meeting at which the issue in relation to which s(he) has an interest first arises, or if the member was not at the date of the Meeting interested in the issue, at the next Meeting held after s(he) became so interested;
- unless otherwise agreed to by the other members, a member shall avoid entering into discussions in respect of any contract or arrangement in which s(he) is interested and should withdraw from the meeting while the matter in which s(he) has an interest is being discussed;
- the interested member should not vote at a Meeting in respect of any contract or arrangement in which s(he) is interested, and if s(he) shall do so, his/her vote shall not be counted in the quorum present at the Meeting;
- the minutes of the meeting should accurately record the sequence of such events.

The above procedures shall also apply to members of the Investment Committee and to meetings of the Investment Committee.

The officers of the Company have disclosed the following:

1. Dr. Simon Grima is a Director and Money Laundering Reporting Officer of the Company and a member of the Investment Committee.

2. Dr. Frank Chetcuti Dimech is the Compliance Officer of the Company as well as its legal advisor as to Maltese law.
3. Mr. David Grech is a Director and of the Company and a member of the Investment Committee.

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## **Fees, Charges and Expenses**

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The following remuneration details refer to the fees, charges and expenses in relation to the Company and each Fund. Further details with respect to a particular Fund are set out in the relevant Offering Supplement.

### **Remuneration of Directors**

The Directors of the Company, shall receive for their services such remuneration as may be determined by the Company in a General Meeting from time to time or, in relation to a particular Fund, as specified in a Supplement. Each Director's remuneration shall in no case exceed € 10,000. In addition, each Director may be paid reasonable travelling, hotel and other incidental expenses incurred in attending meetings of the Directors and general meetings of the Company. The amount paid from the assets of each Fund shall be proportionate to the Net Asset Value of each Fund when compared to the net asset value of the Company.

### **Remuneration of Investment Committee members**

The members of the Investment Committee shall receive for their services such remuneration as may be determined by the Directors from time to time which shall be paid out of the Investment Management Fee. In addition, each Investment Committee member may be paid reasonable travelling, hotel and other incidental expenses incurred in attending meetings of the Investment Committee. The amount paid from the assets of each Fund shall be proportionate to the Net Asset Value of each Fund when compared to the net asset value of the Company.

### **Remuneration of Founder Shareholders**

Founder Shareholders shall not be entitled to any remuneration but may be paid reasonable travelling, hotel and other incidental expenses incurred in attending general meetings of the Company.

### **Investment Management Fee**

Each Fund will be subject to an Investment Management Fee payable to the Company as described in the relevant Offering Supplement. The payment of the Investment Management Fee from the assets of the Fund to the Company is due to the fact that the Company is set-up as a self-managed scheme and therefore the Company itself is responsible for the investment management function.

### **Performance Fee**

The Performance Fee in respect of a Fund will be payable to the Company as described in the relevant Offering Supplement. The payment of the Performance Fee from the assets of the Fund to the Company is due to the fact that the Company is set-up as a self-managed scheme and therefore the Company itself is responsible for the investment management function.

### **Remuneration of the Administrator**

The Administrator shall receive, for the performance of its services under the Administration Agreement, an administration fee specified in the Offering Supplement of the relevant Fund.

### **Company Secretary and Registered Office Fees**

For the provision of Company Secretary and Company's registered office, the Administrator shall receive the sum of €750 plus VAT per annum.

### **Accounting Fees**

For the preparation of the annual financial statements of the Company and its Funds, the Administrator shall receive the sum of €500 plus VAT per annum for the Company.

### **AIFMD Reporting Services**

For the provision of AIFMD reporting services the Administrator shall receive the sum of €800 for each Fund plus VAT. The amount paid from the assets of each Fund shall be proportionate to the Net Asset Value of each Fund when compared to the Net Asset Value of the Company.

### **Audit and Legal Fees**

Audit fees shall be agreed between the Company and the Auditors. Legal fees shall be agreed between the Company and the legal advisors and will be negotiated on a time-spent basis. Audit and legal fees will be paid out of the property of the relevant Fund to which the audit or legal fees relate. Any VAT or other tax having a similar effect which may be or become payable shall also be charged to the relevant Fund. The amount paid from the assets of each Fund shall be proportionate to the Net Asset Value of each Fund when compared to the net asset value of the Company.

### **Prime Broker Fees**

Prime Broker fees shall be agreed between the Company and the Prime Broker and will be disclosed in the Fund's Offering Supplement.

### **Custodian Fees**

Custodian fees shall be agreed between the Company and the Custodian and will be disclosed in the Fund's Offering Supplement.

### **Initial Charges**

Any Initial Charge will be disclosed in the Fund's Offering Supplement.

### **Redemption Fees**

Any Redemption Fee will be disclosed in the Fund's Offering Supplement.

### **Switching Fees**

The Company does not have fees for switching between Funds.

### **Sales Commission and Rebates**

The Company reserves the right to pay a sales commission or other fees to intermediaries, which fee will be fully disclosed to prospective Shareholders. Any such sales commissions or other fees will be deducted

from subscription monies received and reduce the amount available for the purchase of Investor Shares in a Fund. The Company may also receive fee rebates from intermediaries and service providers which will be paid into the assets of the relevant Fund.

### **Preliminary Expenses**

The costs and expenses incurred in the formation of a Fund and the expenses of the issue of the Shares, including the costs incurred in connection with the preparation and publication of the Offering Supplement/s to the Offering Memorandum and all legal and printing costs, travelling costs, consultancy professional fees and listing fees and including any taxes payable by a Fund on such costs and expenses, will be paid out of the assets of the relevant Fund. Such costs and expenses shall be amortised over a period of five years for the purpose of a Fund's NAV calculation, but shall be written on the Company's books as incurred and written off in the year they are paid. In the event that a Fund is approved for listing on any recognised investment exchange, the costs and expenses incurred in connection therewith shall be amortised over a period of five years solely for the purpose of a Fund's NAV calculation.

### **Operating Expenses**

Any operating expenses will be disclosed in the Fund's Offering Supplement.

### **Other Expenses**

The Administrator and other service providers to the Company are entitled to recover reasonable out-of-pocket expenses, incurred in the performance of their duties out of the assets of the Company in accordance with the relevant agreements executed with such service providers.

The Company shall bear the following expenses, save to the extent that such expenses may be waived or otherwise discharged by any other person and not recovered from the Company:

- (i) All taxes and expenses which may be incurred in connection with the acquisition and disposal of the assets of the Company;
- (ii) All taxes which may be payable on the assets, income and expenses chargeable to the Company;
- (iii) All brokerage, bank and other charges incurred by the Company in relation to its business transactions (including charges in relation to any borrowing by the Company);
- (iv) All fees and expenses due to any valuer, dealer, distributor or other supplier of services to the Company;
- (v) All expenses incurred in connection with the publication and supply of information to the Shareholders and, in particular, without prejudice to the generality of the foregoing, the cost of printing and distributing the annual reports, the interim reports, any report to the MFSA or any other regulatory authority, or any other reports, any Offering Memorandum, marketing or promotional materials the costs of publishing quotations of prices and notices in the press and the costs of obtaining a rating for the Shares of the Company by a rating agency and all stationery, printing and postage costs in connection with the preparation and distribution of cheques, warrants, tax certificates and statements;
- (vi) All expenses incurred in the registration of the Company with any government agencies or regulatory authorities in any jurisdiction where registration is available or necessary and in having the Investor Shares of the Company listed or dealt on any stock exchange or any other regulated market;
- (vii) All expenses arising in respect of legal or administrative proceedings; and
- (viii) All expenses incurred in connection with the operation, promotion and management of the Company, including, without limitation to the generality of the foregoing, all audit fees, all

Directors' fees and costs including costs incurred to obtain legal advice, all costs incurred in organising Directors' and Members' meetings and in obtaining proxies in relation to such meetings, costs of any translations, all insurance premiums and association membership dues and all non-recurring and extraordinary items of expenditure as may arise.

All expenses shall be charged either against income or against capital, as the Directors shall determine.

The costs and expenses of the formation of the Company, including the costs incurred in connection with the preparation and publication of the Offering Memorandum and all legal and initial printing costs, have been borne by the Company in accordance with the Companies Act, Chapter 386 of the Laws of Malta. The amount paid from the assets of each Fund shall be proportionate to the Net Asset Value of each Fund when compared to the Net Asset Value of the Company.

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## **Risk Factors**

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The following risks apply to each Fund of the Company. A Fund may also be exposed to additional risks which are disclosed in the section entitled “Risk Factors” of the relevant Offering Supplement of that Fund.

### **General**

Investment in a Fund should be regarded as a long-term investment. There is no assurance that the investment objective or investment policies of a Fund will be achieved. A Fund’s investments are subject to normal market fluctuations and the risks inherent in all investments and there are no assurances that appreciation will occur. The price of Investor Shares and the income from them (if any) from time to time can go down as well as up and investors may not realise their initial investment.

### **Erosion of Capital**

When an investor redeems part of his/her holding he/she should be aware that these redemptions will be made from the sale of Investor Shares and may result in an erosion of capital.

### **Exchange Rate Risk**

Currency fluctuations between the base currency of a Fund and the investor's currency of reference and the currency of the underlying investments of a Fund, may adversely affect the value of investments and the income derived therefrom.

### **Lack of Operating History**

A newly-formed Fund does not have any established track record, which could be utilised as a basis for evaluating its potential performances.

### **Achievement of the Investment Objective**

There can be no guarantee against losses (including complete loss) resulting from an investment in Investor Shares and there can be no assurance that a Fund’s Investment Objectives will be attained. A Fund could realise substantial or complete losses.

### **Net Asset Value**

The Net Asset Value of a Fund fluctuates with changes in the market values of a Fund’s investments. Such changes in market values may occur as a result of various factors, including those factors identified below.

### **Potential Lack of Diversification**

A Fund may not have fixed guidelines for diversification and is not subject to any specific limits in assets or securities of issuers in any one country, region or industry. Therefore, a Fund may be less diversified and more volatile. A significant percentage of the investments may, at any time, be limited to a particular market sector, region or industry and accordingly may be subject to more rapid change in value than would be the case if there were a requirement to maintain a wide diversification among companies, industries, regions, types of securities and other asset classes. Although a Fund’s portfolio will generally be diversified, this may not be the case at all times.

### **Stop Loss Limits**

The use of stop loss management practices cannot provide assurance with respect to the degree of loss that may be realised upon liquidation of an investment. Investment may still be liquidated at a substantially large loss.

### **Leverage Risk**

A Fund is able to achieve a certain degree of leverage on its positions. Consequently, a Fund can be subject to major losses in the event of market disruptions. Furthermore, gains realised through borrowed funds generally would cause a Fund's value to increase faster than without the use of borrowed funds. However, if the value of securities purchased with borrowed funds falls, or does not appreciate sufficiently to cover the costs of borrowing, that Fund's value will decrease faster and more significantly than without the use of borrowed funds.

### **Use of Derivatives**

Derivatives are subject to a number of risks, such as interest rate risk and market risk. They also involve the risk of mispricing or improper valuation, the risk that changes in the value of the derivative may not correlate with the underlying reference and, in over-the-counter transactions, the risk that the counterparty may not honour its obligation. Derivatives may be highly illiquid and often contain a degree of leverage. A Fund could lose more than the principal amount invested in any derivative transaction. Suitable derivative transactions may not be available in all circumstances, and there can be no assurance that a Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

A Fund's ability to close out its position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market. Unless the parties provide for it, there is no central clearing or guarantee function in an over-the-counter option. As a result, if the counterparty fails to make or take delivery of the security, currency or other instrument underlying an over-the-counter option it has entered into with a Fund or fails to make a cash settlement payment due in accordance with the terms of that option, a Fund will lose any premium it paid for the option as well as any anticipated benefit of the transaction.

### **Covered and Uncovered Options**

The purchaser of put or call options, or of any other option-like custom derivatives, runs the risk of losing his entire investment in a relatively short period of time. An uncovered call option is subject to a risk of loss should the price of the underlying security increase. An uncovered put option is subject to a risk of loss should the price of the underlying security decrease. Similar risk of loss can be experienced with the uncovered writing of some other option-like custom derivatives. Purchasing or writing options or option-like custom derivatives are highly specialized activities and entail greater than ordinary investment risks.

### **Forward Contracts**

A Fund may engage in forward contracts for hedging purposes and/or to participate in foreign markets. A forward contract is an obligation to purchase or sell an underlying asset, including currency and stocks, for an agreed price at a future date. Hedging against a decline in the value of a currency or stock or bond market does not eliminate fluctuations in the prices of portfolio securities or prevent losses if the prices of such securities decline. It may also preclude the opportunity for gain if the value of the hedged currency or stock or bond market should rise, because the derivative would incur an offsetting loss. Moreover, there is no assurance that a market will exist to purchase the forward contract when a Fund wants to close out its position. If a Fund is unable to close out a position, it will be unable to realise its profits or limit its losses until such time as the forward contract terminates.

### **Short Sale Equity Positions**

A Fund may take short sale positions without maintaining an equivalent quantity, or a right to acquire an equivalent quantity, of the underlying securities in its portfolio. There can be no assurance that the security will experience declines in market value. Theoretically, a short sale involves the risk of an unlimited increase in the market price of securities sold short, potentially resulting in a corresponding unlimited loss to a Fund.



### **Interest Rate Risk**

Interest rate risk refers to fluctuations in the value of fixed income securities, including corporate and other debt instruments, resulting from changes in interest rates. In general, if interest rates rise, fixed income security prices fall. In addition, interest rate risk tends to increase as the duration of a fixed income security increases. Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro-economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Investor Shares. Fluctuations in interest rates of the currency in which the Investor Shares are denominated and/or fluctuations in interest rates of the currency or currencies in which the Fund assets are denominated may affect the value of the Investor Shares.

### **Credit Risk**

Credit risk is the risk that the credit quality of the counterparty declines. Fixed income or derivative instruments that a Fund owns are subject to the issuers' or counterparties' credit risk. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Investor Share. Investors in any Fund whose performance is linked to an underlying should be aware that the Fund assets will generally include bonds or other debt instruments that involve credit risk. Moreover, where such Fund provides for a capital protection feature, the functioning of such feature will often be dependent on the due payment of the interest and principal amounts on the bonds or other debt instruments in which the Fund is invested.

### **Credit Ratings**

Credit ratings are assigned by rating agencies such as Standard & Poor's (S&P) or Moody's. It is important to understand the nature of credit ratings in order to understand the nature of the securities. The level of a credit rating is an indication of the probability that (in the opinion of the rating agency) payments will be made on the relevant bond(s) or other obligation(s) to which the credit rating relates. Bonds with a rating of AAA, AA, A or BBB by S&P are called "investment grade" bonds and this indicates that the risk of a failure to repay amounts is limited. While credit ratings can be a useful tool for financial analysis, they are not a guarantee of quality or a guarantee of future performance in relation to the relevant obligations. Ratings assigned to securities by rating agencies may not fully reflect the true risks of an investment. Ratings may also be withdrawn at any time.

### **Volatility and Illiquidity of Markets**

Generally, price movements in the markets in which a Fund may invest can be volatile and are influenced, among other things, by changing supply and demand, government trade and fiscal policies, national and international political and economic events, and changes in interest rates. In addition to the price volatility, which characterises the markets, the low margin deposits often required in markets permit a high degree of leverage. Accordingly, a relatively small price movement may result in a profit or loss, which is high in proportion to the amount of funds actually placed as margin. In addition, in some circumstances markets can be illiquid, making it difficult to acquire or dispose of contracts at the prices quoted on the various exchanges or at normal bid/offer spreads quoted off-exchange. These and other factors mean that, as with other investments, there can be no assurance that trading will be profitable.

### **Tax and Legal Risks**

The purchase, holding or sale of fund units may be subject to tax regulations (e.g. withholding tax deductions) outside the Fund's country of domicile. The tax consequences to a Fund and to holders of Investor Shares, the ability of a Fund as a foreign investor to invest in the markets and to repatriate its

assets including any income and profit earned on those assets and other operations of a Fund are based on existing regulations and are subject to change through legislative, judicial or administrative action in the various jurisdictions in which a Fund or its service providers operate. There can be no guarantee that income tax legislation and laws or regulations governing a Fund's operations and investments will not be changed in a manner that may adversely affect a Fund.

#### **Monetary value risk**

Inflation can reduce the value of the Fund's investments. The purchasing power of the investment capital shrinks if the inflation rate is higher than the return provided by the investments.

#### **Business cycle risk**

This represents the risk of security price losses due to the fact that economic developments have not, or have not been sufficiently, taken into consideration in investment decisions, and therefore investment in securities are made at the wrong time point, or securities are held at an unfavourable phase in the business cycle.

#### **Country risk**

Investments in countries having unstable political conditions are subject to particular risks. These can quickly lead to significant price fluctuations. The risks include foreign exchange restrictions, transfer risks, moratoriums or embargos.

#### **Psychological market risk**

Moods, opinions and rumours can prompt a significant price fall in a security, even though the earnings situation and the future prospects of the company in which the investment is made have not necessarily changed substantially. Psychological market risk has a particularly strong impact on equities.

#### **Settlement risk**

The Fund is exposed to a possible loss due to the fact that a transaction may not be settled as expected because a counterparty does not pay or deliver, or because losses owing to personal mistakes in the settlement of a transaction occur.

#### **Currency risk**

Where the Fund holds assets denominated in foreign currency (ies), it is exposed to a direct currency risk (provided the foreign currency positions have been hedged). Falling exchange rates lead to a loss in the value of foreign currency investments. Conversely, the foreign exchange market also offers opportunities for gains. Besides direct risks, indirect currency risks also exist. Internationally active companies are more or less strongly dependent on the exchange rate development, which can have an indirect influence on the price development of investments.

#### **Interest rate fluctuation risk**

Where the Fund invests in interest-bearing securities, it is exposed to an interest rate fluctuation risk. If the level of market interest rates rises, the prices of interest-bearing securities in the Fund's portfolio can fall substantially. This is even more the case, if the Fund holds interest-bearing securities having a longer residual term to maturity with normal return/yield.

#### **Forward Contracts on Foreign Exchange Currencies**

The Fund's assets may be traded in forward contracts on foreign exchange currencies. In this connection, the Fund will contract with a counterparty to take future delivery of a particular foreign currency. Although the foreign currency market is not believed to be necessarily more volatile than the market in other commodities, there is less protection against defaults in the forward trading of currencies, since such forward contracts are not guaranteed by an exchange or clearing house. In addition the Fund may enter into spot transactions to purchase or sell commodities with a counterparty as principal. Such spot

transactions provide for two day settlement and are not margined. Such transactions may be entered into in connection with exchange for physical transactions. Like the forward contract market, the spot market is a principals' market so there is no clearing house guarantee of performance. Instead the Fund is subject to the risk of inability of, or refusal by, a counterparty to perform with respect to the underlying contract.

### **Repo Risks**

Though a repo is essentially a collateralized transaction, the seller may fail to repurchase the securities sold at the maturity date. In other words, the repo seller defaults on his obligation. Consequently, the buyer may keep the security, and liquidate the security in order to recover the cash lent. The security, however, may have lost value since the outset of the transaction as the security is subject to market movements. To mitigate this risk, repos often are over-collateralized as well as being subject to daily mark-to-market margining (i.e. if the collateral falls in value, a margin call can be triggered asking the borrower to post extra securities). Conversely, if the value of the security rises there is a credit risk for the borrower in that the creditor may not sell them back. Credit risk associated with repo is subject to many factors: term of repo, liquidity of security, the strength of the counterparties involved, etc.

### **Restriction or Suspension of Redemption Rights**

Although Shareholders may request the Company to repurchase their Investor Shares in a Fund or may wish to transfer all or any of their Investor Shares, certain restrictions on redemptions and transfers apply, including a lock-up and a Redemption Notice Period, where applicable. Reference is made to disclosures included under the heading 'Buying and Selling' under the sub-headings "Redemption of Shares" and "Deferral of Redemption of Shares".

### **Valuation and Redemption Risks**

Investors' attention is specifically drawn to the fact that due to the Redemption Notice Period, where applicable, the valuation used for the actual redemption of Investor Shares will not be the one available to the investor at the time the redemption request is received by the Company but the valuation available after the end of the Redemption Notice Period. Furthermore, where in the opinion of the Directors, supported by a valuation report drawn up by an Independent Qualified Valuer, since the last determination of the Net Asset Value per Share there has been a significant movement (namely ten per cent (10%) or over) in the value of quoted assets of a Fund, the Company may at its discretion, and subject to prior notification being given to the Administrator, re-value the assets of a Fund, recalculate the Net Asset Value per Share and amend the dealing prices accordingly. Where the dealing prices for a Fund have been amended, the revised prices will be applied to all requests to buy or sell Investor Shares which have been accepted by the Company subsequent to the amendment of dealing prices as provided above.

### **Performance Fees**

To the extent that the Investment Committee and the Portfolio Manager (if any) will be entitled to receive remuneration from the Company linked to the performance fee received by the Company from a Fund, such remuneration may create an incentive for the Investment Committee and/or the Portfolio Manager to engage in investment strategies and make investments that are more speculative than would be the case in the absence of such fees. Furthermore, the increase in NAV which is used as a basis for the calculation of performance fees, may be comprised both of realised gains as well as unrealised gains as at the end of the calculation period, and as a result, performance fees may be paid on unrealised gains which may subsequently never be realised by a Fund.

### **Segregation of Funds**

The Company is a multi-fund company pursuant to the provisions of the Companies Act (Investment Companies with Variable Share Capital) Regulations, which provide for segregated liability between Funds and as such, in Malta, the assets of one Fund will not be available to satisfy the liabilities of another Fund. However, it should be noted that the Company is a single legal entity which may operate or have assets

held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Malta will respect the limitations on liability as set out above.

### **Mandatory Redemption**

Investor Shares may not be issued and may be subject to mandatory redemption or transfer by the Company, inter alia: (i) in circumstances where the Company, a Fund or any Shareholder may suffer a tax, pecuniary, administrative or other material disadvantage; or (ii) where Investor Shares are held by any person who is, or has acquired such Investor Shares on behalf of or for the benefit of a person who is not an Eligible Investor; (iii) where the Net Asset Value of a Fund falls below € 2 million or currency equivalent; (iv) where the Net Asset Value of the Investor Shares in the Company calculated in accordance with this Offering Memorandum falls below € 5 million or currency equivalent or (v) in other circumstances stipulated in the relevant Offering Supplement of a Fund.

### **Cancellation Rights**

Potential investors should be aware that the cancellation right protections prescribed by the MFSA do not apply for professional investors.

### **Investments during the Initial Offer Period**

The Investment Committee and/or the Portfolio Manager may commence investing during the Initial Offer Period. The Initial Offer Price will remain fixed during the Initial Offer Period irrespective of any increase or diminution in value of the underlying assets during the Initial Offer Period. Accordingly, in the case of a diminution in value, investors would be overpaying for their Investor Shares, while in the case of an increase in value, investors would be underpaying for their Investor Shares.

### **Limitation of Liability**

Potential investors should be aware that the liability of the Prime Broker, the Custodian and the Administrator is limited to the extent provided in the respective agreements with the Company.

### **Dependence on the Directors, the Investment Committee and the Portfolio Manager**

The Investment Committee will make all decisions with respect to a Fund's assets. As a result, the success of the Fund depends largely upon the ability of the Investment Committee to set guidelines and/or asset allocation criteria to be executed by the Investment Committee or the Portfolio Manager. The Directors of the Company will make all decisions regarding the general management of a Fund. Holders of the Investor Shares have no right or power to take part in the management of that Fund. Subject to the Directors' fiduciary responsibilities to Shareholders, the Directors shall have no personal liability to the Shareholders for the return of any capital contributions, it being understood that any such return shall be made solely from the Fund's assets.

### **Dependence on Key Individuals**

The Company's success depends to a significant extent, upon the role of the Portfolio Manager and/or the Investment Committee in the management of the assets of the Company and its Funds. To the extent that such activities relate to the operations of the Company, the Company may be adversely affected if any of those officers responsible for these activities cease to participate in the operations of the Company. The loss of such a key individual's services (e.g. through death, disability or retirement) could cause the Company to suffer losses.

### **Conflicts of Interest**

The Directors, the Administrator, the members of the Investment Committee, the Portfolio Manager and other companies within their respective groups and their officers and major Shareholders are or may be involved in other financial, brokerage, investment or other professional activities which, in the course of their business, will on occasion give rise to conflicts of interest with the Company. In such circumstances,

such persons will have appropriate regard to their respective obligations under the agreements appointing them to act in the best interests of the Company, so far as practicable having regard to their obligations to other clients or schemes. Having regard to these obligations, the Company may buy investments from or sell investments to such persons, provided that such dealings are on an arm's length basis and on terms no less favourable to the Company than could reasonably have been obtained had the dealing been effected with an independent third party. Such persons may also hold Shares in the Company. Should a conflict of interest arise, the Directors will endeavour to ensure that it is resolved fairly and the Company shall not be disadvantaged.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THE ENTIRE OFFERING MEMORANDUM AND THE OFFERING SUPPLEMENT AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISORS BEFORE DECIDING TO INVEST IN A FUND.**

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## **Buying and Selling**

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The Investor Shares issued by the Company in each Fund are ordinary shares, freely transferable and, unless otherwise stated in the relevant Offering Supplement, enjoy equal rights participating equally in the profits of the relevant Fund.

### **Initial Offer Period**

An Initial Offer of Investor Shares will open and close on the dates stated in the relevant Offering Supplement unless closed earlier or extended by the Company at its sole discretion with the approval of the MFSA. The Investor Shares of a Fund are offered at an initial price stated in the relevant Offering Supplement and thereafter, on every Dealing Day, at the Net Asset Value per Share.

### **Minimum Commitment**

Apart from the other instances detailed in the Offering Memorandum where the Company may reject an application for the subscription of any Shares (including the general right of the Company to reject any application in whole or in part without being required to give any reason therefore), the Company shall be entitled to reject any and all applications to subscribe for Investor Shares received during the Initial Offer Period when the Minimum Commitment is not achieved. However, the Company reserves the right to accept any and all applications even when the Minimum Commitment is not achieved.

When the Company (in its absolute discretion) rejects any subscription applications received during the Initial Offer Period in view of the non-achievement of the Minimum Commitment as aforesaid, the Company shall inform the relevant applicant/s without unnecessary delay after the expiry of the Initial Offer Period and, in such case, each such applicant shall only be entitled to a reimbursement of the amounts paid by him (if any) to the Company together with or in connection with his application. Such reimbursement shall be made in the form of a bank cheque, electronic transfer or other means of settlement determined by the Company at the address or bank account of the applicant as provided by him for this purpose to the Company (and the Company shall be entitled to deduct any expenses incurred in making such payment from the amounts to be reimbursed to the applicant as aforesaid). The applicant shall not be entitled to any other payment or reimbursement, and any interest which may accrue from such amounts so paid by him from the date of payment by the applicant until reimbursement thereof by the Company will be for the benefit of the Company.

### **Charges to Investors**

The amount of the Initial Charge, if any, applicable for a Fund is established in the relevant Offering Supplement.

The Initial Charge, if any, will be deducted from any payment received by way of an application for Investor Shares, and the balance after such deduction will then be applied to subscribe for Investor Shares. The Directors may waive the Initial Charge in whole or in part at its sole discretion and/or re-allow and/or pay all or part of the Initial Charge to authorised intermediaries or such other persons as the Directors may determine.

## **Classes of Shares**

Unless otherwise indicated in the relevant Offering Supplement of a Fund, all Investor Shares will be of the same class and will not carry entitlement to dividends so that any profits will accumulate within the price of a Fund.

## **Voting rights**

Unless otherwise indicated in the relevant Offering Supplement of a Fund, Investor Shares do not carry any voting rights.

## **Application Procedure**

### ***(a) Minimum Investment***

Each Fund is subject to the minimum initial subscription amount for Investor Shares equivalent to the Minimum Holding as defined in the Offering Supplement of each Fund or the currency equivalent. The Administrator shall not process any application for less than the initial subscription amount nor shall the Administrator accept an application to register any transfer unless the transferee is or can be accepted as an Eligible Investor and has applied to register such number of Investor Shares as is equal to or more than the Minimum Holding and the transferor, if he remains holding any Investor Shares, retains at least such number of Investor Shares as is equal or more than the Minimum Holding. Furthermore subsequent subscription/s by a holder of Investor Shares shall not be accepted unless the amount invested is equivalent to or exceeds the Minimum Additional Subscription which may be specified in a Fund's Offering Supplement.

### ***(b) Application for Investor Shares***

Applications for Investor Shares from Eligible Investors must be made on the Application Form provided for this purpose by the Company. The purchase of Investor Shares in writing is a legally binding contract. The Company reserves the right to reject any application in whole or in part.

Unless otherwise indicated in the relevant Offering Supplement of a Fund, applications received before 13.00 hours (Malta time) on any Business Day, if accepted by the Company at the office of the Administrator, will be dealt with on the immediately following Dealing Day at the Net Asset Value per Share established at close of business on the relevant Valuation Day. Applications received after 13.00 hours (Malta time) will be carried over to the following Valuation Day.

### ***(c) Payment***

Applications for Investor Shares will only be accepted if accompanied by payment in the form of a telegraphic transfer or other means of settlement acceptable to the Administrator for value by 13.00 hours (Malta time) on any Business Day. The Directors may in their sole discretion authorise subscriptions in specie. Further settlement details are set out in the Application Form.

### ***(d) Subscriptions in specie***

Where the Directors in their sole discretion authorise subscriptions in specie, the following procedure shall be followed:

1. a valuation report shall be drawn up by an Independent Qualified Valuer specifying:
  - a description of each of the assets comprising the consideration;

- the value of each asset and a description of the method of valuation used;
  - a confirmation that the value of the consideration is at least equal to the net asset value of the shares to be issued in return for such consideration;
2. the valuation report shall be held at the registered office of the Company and be made available to the MFSA during compliance visits; and
  3. Investor Shares shall not be issued before the assets referred to in the valuation report have been transferred in favour of the Company to the satisfaction of the Custodian or, where no Custodian has been appointed, to the satisfaction of the Prime Broker, or where no Prime Broker has been appointed, to the satisfaction of the Board of Directors.

***(e) Prevention of Money Laundering Procedures***

The Company reserves the right to seek evidence of identity to comply with any applicable Prevention of Money Laundering Regulations. In the case of failure to provide satisfactory information, the Company may take such action as it thinks fit, including without limitation, the refusal of any Application Form and subscription monies related thereto, or refusal of any Redemption instructions. The Company shall not be held responsible for any loss arising as a result of a refusal to process an Application Form or a Redemption instructions in case where the applicant fails to provide satisfactory information. In addition, each investor must represent and warrant to the Company that among other things he is able to buy Investor Shares without violating applicable laws and regulations.

Applications for Investor Shares from Eligible Investors must be accompanied by such information as may, from time to time, be required by the Company and/or the Administrator such that the Company and/or the Administrator may be in a position to verify the identity of such Eligible Investor and identify the source of funds and source of wealth. Except as may be required to enable the Company and/or the Administrator to comply with any and all of its obligations in terms of the law, including but not limited to anti-money laundering legislation in force, any information received will be kept by the Administrator in accordance with the relevant data protection legislation and, in the normal course of business, will not be made available to anyone other than the Administrator and their respective employees, agents and subcontractors.

Without prejudice to the generality of the foregoing, the Company shall require Applications for Investor Shares from Eligible Investors to be accompanied by the following supporting information:

***(i) Verification of Identity***

**Individuals**

An Applicant for Investor Shares shall be required to produce a copy of a passport or identification card bearing a photograph and signature and reference to nationality, duly certified by the investor's banker where such is acceptable to the Company or other reputable and appropriate source as may be accepted by the Company. Depending on circumstances, the Company may also require additional information.

**Corporate Applicants**

In the case of corporate applicants, the Company shall require the Applicant for Investor Shares to produce:

- (a) A Certified true copy of the Certificate of Incorporation (or Licence/Authorisation) to carry on business (and any certificate on change of name).
- (b) A Certified True Copy of the Articles of Incorporation (or equivalent documents such as a certified extract from the commercial register), information regarding the business of corporate applicant and a copy of the latest Annual Report and Audited financial statements.



- (c) The names and residential and business addresses and certified copies of the passports or identity cards of all Directors and beneficial owners holding 25% or more of the shares of the applicant.
- (d) A Resolution of Board of Directors authorising the appointed attorneys as the 'authorised signatories' to apply for Investor Shares in a Fund and to give instructions with respect to such shares. An authenticated list of authorised signatories is to be attached. The company reserves the right to seek any documentation relevant for the identification of such attorneys.

(ii) **Source of Funds**

The source of funds in relation to the subscription for Investor Shares shall indicate: (a) Name of the account/s from which the funds emanated; (b) Account Number; (c) Name of bank with which account/s are held; (d) Name of correspondent bank wiring the subscription monies; (e) A copy of the Swift Transfer/s; (f) source of wealth and any other documentation indicating the provenance of funds.

(iii) **Other Information**

In addition, in all cases, the Company may require from an individual applicant or other applicant entities whether corporate or unincorporated, bank references, business or professional references (as for example from accountants or lawyers) where applicable.

Depending on the circumstances of each subscription for Investor Shares, verification of identity may not be required where (i) the applicant is itself bound by the Prevention of Money Laundering Regulations, 1994 and related MFSA Guidelines; (ii) the applicant is introduced by an introducer who is himself bound by the Prevention of Money Laundering Regulations, 1994 and related MFSA Guidelines and provides the Company with the name of the customer and a written assurance that evidence of identity has been obtained and proper records of the verification of identity of the applicant are being maintained or (iii) the introducer is a foreign entity that operates in a country that is a member of the FATF or European Union, or in a third country which imposes requirements equivalent to those of the European Union regulatory provisions with respect to the prevention of money laundering and of terrorist financing, or operates under a rigorous and well-regulated anti-money laundering regime (iv) the applicant operates a financial service business which is properly regulated (i.e. in a country that is a member of the FATF or European Union or in a country where the level of regulation is equal to or higher than that exercised in Malta or European Union). In all such cases the Company retains discretion whether to rely on verification procedures carried out by others and under what terms and conditions. The Company may still request any documentation to carry out a verification of identity itself. The Company, its bankers or its Custodian may block or refuse any payment if the due diligence or know-your-customer information is missing, incomplete or does not comply with applicable laws.

(f) **Redemption of Investor Shares**

Unless otherwise indicated in the relevant Offering Supplement of a Fund, the following provisions shall apply:

(i) Shareholders may, by giving three (3) Business days' notice before the relevant Dealing Day (hereinafter the "Redemption Notice Period"), request, in writing through the Administrator, the redemption of their Investor Shares on the Redemption Form provided for this purpose by the Company. Redemption instructions, in a form acceptable to the Administrator, may be made to the Company at the office of the

Administrator in writing or through such electronic means as may be agreed to with the Administrator on a Business Day. Redemptions shall not be accepted unless the value of Investor Shares to be redeemed is equivalent to or exceeds the Minimum Redemption Amount which may be specified in a Fund's offering Supplement.

(ii) Redemption instructions received with insufficient notice will be accepted at the discretion of the Company and Administrator. Late redemption requests will be dealt on the next Dealing Day available. Investors' attention is specifically drawn to the fact that due to the Redemption Notice Period the valuation used for the actual redemption of Investor Shares may not be the one available to the shareholder at the time the redemption request is received by the Company but the valuation available after the end of the Redemption Notice Period.

(iii) Payment of the redemption proceeds less the Redemption Fee (where applicable) will be made by the Administrator, in the currency of a Fund within five (5) Business Days following the date on which such Investor Shares are redeemed by the Administrator. Payment will be made by telegraphic transfer or credit in an account in the name of the registered holder or, in the case of joint holders, in the name of the first named holder.

(iv) Partial sales of shareholdings are acceptable provided the resultant value of the shareholding remains in excess of the Minimum Holding specified in the relevant Offering Supplement. The Company may, at its complete discretion, redeem a shareholding with a value of less than the Minimum Holding specified in the relevant Offering Supplement as long as the Minimum Holding does not fall below the thresholds established by the MFSA.

(v) At the discretion of the Directors and with the approval of the applicant, the Company may satisfy any application for repurchase of Investor Shares by the transfer to those Members of assets of the relevant Fund in specie and for this purpose the following procedure shall be followed:

1. a valuation report shall be drawn up by an Independent Qualified Valuer specifying:
  - a description of each of the assets comprising the consideration;
  - the value of each asset and a description of the method of valuation used;
  - a confirmation that the value of the consideration is at least equal to the net asset value of the shares to be redeemed in return for such consideration;
2. the valuation report shall be held at the registered office of the Company and be made available to the MFSA during compliance visits; and
3. the Company shall transfer to each Member that proportion of the assets of the Company which is then equivalent in value to the shareholding of the Member then requesting the repurchase of Investor Shares, but adjusted as the Directors may determine to reflect the liabilities of the Company; and further provided that the nature of the assets and the type of the assets to be transferred to each Member be determined by the Directors on such basis as the Directors shall deem equitable and not prejudicial to the interests of both remaining as well as outgoing Members, and for the foregoing purposes the value of assets shall be determined on the same basis as used in calculating the Net Asset Value.

**(g) *Mandatory Redemptions***

Shares may not be issued and may be subject to mandatory redemption or transfer by the Company, inter alia: (i) in circumstances where the Company or a Fund may suffer a tax, pecuniary, administrative or other disadvantage; or (ii) where Shares are held by any person who is, or has acquired such Shares on behalf of or for the benefit of a person who is not an Eligible Investor; or (iii) where the Net Asset Value of a Fund

falls below € 2 million or currency equivalent; (iv) where the Net Asset Value of the Investor Shares in the Company calculated in accordance with this Offering Memorandum falls below € 5 million or currency equivalent or (v) in other circumstances stipulated in the relevant Offering Supplement of a Fund.

**(h) Deferral of Redemption of Investor Shares**

Unless otherwise indicated in the relevant Offering Supplement of a Fund, the following provisions shall apply:

(i) The Directors may limit the total number of Investor Shares, which may be redeemed on any Dealing Day to ten per cent (10%) of the outstanding Investor Shares in a Fund. In the event that such a limit is reached at any point during a Dealing Day, the Directors may defer any further redemption instructions received during that Dealing Day, to such time as the total number of redemption applications received on that Dealing Day is re-established at less than ten per cent (10%) of the outstanding Investor Shares in a Fund.

(ii) The balance of such Investor Shares that are not redeemed on that Dealing Day because of the limit established above will be redeemed on the next Dealing Day, subject to the Directors' same power of deferral until the original redemption instructions have been satisfied. Redemption requests which are deferred to the following Dealing Day will be given priority over any redemption requests received in relation to the said Dealing Day.

(iii) Shareholders may not revoke or withdraw redemption instructions delivered to the Company at the office of the Administrator, even if the Directors elect to exercise their power of deferral. The Directors may, subject to the fair treatment of all shareholders, accept a cancellation of redemption instructions.

**(i) Suspension of Dealing**

The Directors have the power to suspend subscriptions and/or redemptions as well as suspend calculations of Net Asset Value in the circumstances set out in Appendix I of this Offering Memorandum. No issue or redemption of Investor Shares will take place during any period when the calculation of the Net Asset Value is suspended.

The Directors reserve the right to delay payment of redemption proceeds to persons whose Investor Shares have been redeemed prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances when the Directors believe that to make such payment during the period of suspension would materially and adversely affect or prejudice the interest of continuing Shareholders. Notice of any suspension will be given to any Shareholder tendering his Investor Shares for redemption. If the redemption instructions are not withdrawn the Investor Shares will be redeemed on the first Dealing Day following termination of the suspension.

Notice of any suspension or postponement of the calculation of the Net Asset Value of a Fund will be published in either a daily newspaper and such other newspapers as the Directors may from time to time determine or on the Administrator's website and will also be notified to the MFSA without delay.

**(j) Dealing Prices**

Unless otherwise indicated in the relevant Offering Supplement of a Fund, the following provisions shall apply:

(i) Requests to buy and / or sell Investor Shares, which are accepted by the Company and the Administrator on a Business Day, will be dealt with at the appropriate dealing price based on the Net Asset

Value per Share calculated on the relevant Valuation Day. The dealing price per Share for buying Investor Shares (the issue price per Share) as well as the dealing price per Share for selling Investor Shares (the redemption price per Share) will be equivalent to the Net Asset Value per Share of a Fund.

(ii) The Administrator shall calculate as at 1300hrs (Malta time) on each Valuation Day the Net Asset Value per Share for a Fund using the latest closing prices of the underlying assets. Full details of the method of determination of the Net Asset Value per Share are set out in Appendix I and II of the Offering Memorandum.

(iii) Where, in the opinion of the Directors, supported by a valuation report drawn up by an Independent Qualified Valuer, since the last determination of the Net Asset Value per Share there has been a significant movement (namely ten per cent (10%) or over) in the value of quoted assets of a Fund, the Company may at its discretion, and subject to prior notification being given to the Administrator, re-value the assets of a Fund, recalculate the Net Asset Value per Share and amend the dealing prices accordingly. Where the dealing prices for a Fund have been amended, the revised prices will be applied to all requests to buy or sell Investor Shares which have been accepted by the Company subsequent to the amendment of dealing prices as provided above.

**(k) Dividend Distributions**

When the relevant Offering Supplement of a Fund provides for a Class of Investor Shares which are distribution shares, the Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors. Dividends will not be paid unless distributable profits are available.

**(l) Cancellation Rights**

Potential investors should be aware that the cancellation right protections prescribed by the MFSA do not apply for professional investors.

**(m) Contract Notes, Registrations and Share Certificates**

Contract notes will be issued as soon as possible following the Dealing Day on which the order is effected and normally will be dispatched within five (5) Business Days. Contract notes will contain full details of the transaction.

All Shares will be registered and an entry in the register of Shareholders will be conclusive evidence of ownership. No share certificates will be issued. Annual statements will be dispatched with the Company's annual reports.

Any change to a Shareholder's personal details must be notified to the Company at the office of the Administrator immediately in writing. The Company and the Administrator reserve the right to request indemnity or verification before accepting such notification. Copies of the Offering Memorandum and updates thereof will be available from the Company and the Administrator.

**(n) Transfer of Shares**

Each Member may transfer all or any of his Shares by an instrument of transfer. The instrument of transfer must be executed by or on behalf of the transferor and the transferor is deemed to remain the holder until the transferee's name is entered in the Register. The Directors shall decline to register any transfer of Shares to persons who are not Eligible Investors. The Directors may decline to register any transfer in favour of more than four joint holders as transferees.

All instruments of transfer shall be in writing in any usual or common form in Malta or in any other form which the Directors may approve, and every form of transfer shall state the full name and address of the transferor and transferee. The Directors may decline to register any transfer of Shares unless the instrument of transfer relates to one class of Shares and is deposited at the registered office of the Company or at such other place as the Directors may reasonably require, with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, including, in the case of Founder Shares, the prior approval of the MFSA. If the Directors decline to register a transfer of any Share they shall, within four weeks after the date on which the transfer was lodged with the Company, send to the transferee, notice of the refusal.

The registration of any transfers may be suspended at such times and for such periods as the Directors from time to time may determine, provided always that such registration of transfers shall not be suspended for more than thirty days in any one calendar year. All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

In the case of the death of a Member, the lawful heirs, survivors or survivor where the deceased was joint holder, and the executors or administrators of the deceased where he was a sole or surviving holder, shall be the only person recognised by the Company as having title to his interest in the Shares, but nothing in this Article shall release the estate of the deceased holder, whether sole or joint, from any liability in respect of any Share solely or jointly held by him. Any guardian of an infant Member and any guardian or other legal representative of a Member under legal disability and any person entitled to a Share in consequence of the death, insolvency or bankruptcy of a Member shall, upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the Share or to make such transfer thereof as the deceased or bankrupt Member could have made, but the Directors shall, in either case, have the same right to refuse or suspend registration as they would have had in the case of a transfer of the Share by the infant or by the deceased, insolvent or bankrupt Members before the death, insolvency or bankruptcy of the Members under legal disability before such disability.

A person so becoming entitled to a Share in consequence of the death, insolvency or bankruptcy of a Member shall have the right to receive and may give a discharge for all monies payable or other advantages due on or in respect of the Share, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company, nor save as aforesaid, to any of the rights and privileges of a Member unless and until he shall be registered as a Member in respect of the Share: provided that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share and if the notice is not complied with within ninety days the Directors may thereafter withhold all moneys payable or other advantages due in respect of the Share until the requirements of the notice have been complied with.

In the event that any Investor Shares are listed on a stock exchange, transfers and transmissions of Investor Shares shall comply with any mandatory rules of such exchange or exchanges.

***(o) Foreign Account Tax Compliance Act ('FATCA')***

Malta has signed a Model 1 inter-governmental agreement (IGA) with the United States to give effect to the implementation of FATCA. Financial institutions ('FIs') in the jurisdiction that comply with the requirements of the IGA will be treated as satisfying the due diligence and reporting requirements of FATCA and accordingly will be treated as participating foreign financial institutions ('Participating FFIs') for the purposes of FATCA. As such, those FIs will be "deemed compliant" with the requirements of FATCA, will not be subject to withholding tax, and will not be required to close recalcitrant accounts.

Under the IGA the Company will be a Reporting FI and, as such (i) is not required to enter an 'FFI agreement' with the US Internal Revenue Service ('IRS'), (ii) is required to register with the IRS to obtain a Global Intermediary Identification Number, (iii) is required to conduct due diligence on its investors to identify whether accounts are held directly or indirectly by "US Persons" , and (iv) is required to report information on such US Persons to the Tax Authorities in the Company's jurisdiction. The tax authority will then exchange the information reported to it with the IRS annually.

Under the terms of the IGA and the relevant regulations, FATCA withholding tax will not be imposed on payments made to the Company, or on payments made by the Company to an account holder, except to the extent the Company, its investors or any other account holder fails to comply with its obligations under FATCA or the IGA, or otherwise fails to comply with any other obligations it may have to the Company with respect to the Company's obligations under FATCA or the IGA, as applicable. If subject to, or required to, withhold, such FATCA withholding tax will generally be at the rate of 30% of the relevant payment. It must be noted that FATCA registration and compliance does not modify the US tax treatment of US source revenue of the Company under the Double Tax Treaty between the United States and Malta.

It is possible that further inter-governmental agreements, similar to those described above, may be entered into with other third countries to introduce similar regimes for reporting to such third countries fiscal authorities.

As an investor in the Company, you shall be deemed to acknowledge that:

- (i) the Company (or its Administrator) may be required to disclose to the tax authorities in the Company's jurisdiction certain confidential information in relation to the investor (or its Beneficial Owners and Controlling Persons), including but not limited to the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;
- (ii) these tax authorities may be required to automatically exchange information as outlined above with the IRS and other foreign fiscal authorities;
- (iii) the Company (or its Administrator) may be required to disclose to the IRS and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Company (or its Administrator directly) with further enquiries;
- (iv) the Company may require the investor to provide additional information and/or documentation which the Company may be required to disclose to the tax authorities in the Company's jurisdiction;
- (v) in the event an investor does not provide the requested information and/or documentation or provides incorrect information or documents, whether or not that actually leads to compliance failures by the Company, or a risk of the Company or its investors being subject to withholding tax under the relevant legislative or IGA, the Company reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, determining the investor to be a US Person and/or compulsory redemption of the investor concerned with any losses or damages suffered by the Company to be deducted from the redemption price or otherwise as the Company determines; and
- (vi) no investor (or its Beneficial Owners and / or Controlling Persons) affected by any such action or remedy shall have any claim against the Company (or its Administrator) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with current or any future IGAs, or any of the relevant underlying legislation.

ALL prospective investors and shareholders should consult with their own tax advisors regarding the possible implications of FATCA (which forms part of the US Hiring Incentives to Restore Employment (HIRE) Act) on their investment in the Company.

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## General Information

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### **(A) Share Capital**

The authorised share capital of the Company is five billion (5,000,000,000) shares with no nominal value, which may be issued as Shares of any class representing any Fund. The actual value of the paid up share capital of any Fund shall be at all times equal to the value of the assets of any kind of the particular Fund after the deduction of such sub-fund's liabilities.

All Shares are in registered form and share certificates will not be issued. Further details may be found above under the heading 'Contract Notes, Registrations and Share Certificates' in this Offering Memorandum. Fractional Shares may be issued with respect to a Fund up to four (4) decimal places.

The Directors shall exercise all the powers of the Company to allot or issue Shares in the Company. The maximum number of Shares which may be allotted or issued by the Directors shall not exceed the amount of five billion (5,000,000,000) Shares, provided, however, that any Shares which have been repurchased shall be deemed never to have been issued for the purpose of calculating the maximum number of Shares which may be issued. The Directors have delegated to the Administrator the duties of processing the subscription for, receiving payment for and allotting or issuing new Shares.

No person shall be recognised by the Company as holding any Shares on trust and the Company shall not be bound by or recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Shares or (except only as otherwise provided herein or as by law may be required) any other right in respect of any Share, except an absolute right of title thereto in the registered holder. Nothing in the foregoing shall be construed as prohibiting the Company from recognising and/or acknowledging a pledge on its Shares.

The Company shall not be bound to register more than four (4) persons as joint holders of any Share or Shares. In the case of a Share held jointly by several persons, the Company shall not be bound to issue more than one written confirmation of ownership for a Share and the delivery thereof to the first named of several joint holders shall be sufficient delivery to all.

### **(B) Characteristics of the Shares**

#### **(i) *Classes***

With the prior approval of the MFSA, the Directors may from time to time establish a Fund by the issue of separate classes of Shares of the Company on such terms as the Directors may resolve.

The Company has issued by way of subscription:

Founder Shares which are fully paid up and subscribed as follows:

- Twenty One Solstice a.s. - holder of 299 Founder Shares;
- Jiří Kňáva - holder of 1 Founder Share;

Investor Shares in the Aphelium Real Estate Fund, a Fund of the Company, which are fully paid up and subscribed as follows:

- Twenty One Solstice a.s. - holder of 32 Investor Shares issued at CZK 100,000 each in the "Aphelium Real Estate Fund".

The identity of the ultimate beneficial owners of corporate holders of Founder Shares will be disclosed upon request.

The Founder Shares shall rank equally in all respects, shall carry the right to one vote each and, save as provided in Article 26.1 of the Articles of Association, shall not carry a right to participate in any dividends or other distributions of the Company or in the assets of the Company on a winding up (other than the return of the paid up capital after payment of all amounts due to the Investor Shares).

The Company shall also have a separate class of shares with no nominal value, made up of one hundred (100) "A" Ordinary Shares but which shall not constitute a distinct fund, shall rank equally in all respects, shall not carry the right to vote, and, save as provided in Article 26.1 of the Articles of Association, shall not carry a right to participate in any dividends or other distributions of the Company, if applicable, or in the assets of the Company on a winding up, except repayment of paid up capital following settlement of any and all amounts due to the Investor Shares and Founder Shares. The Board of Directors is authorised for a period of five (5) years, to issue and allot "A" Ordinary Shares up to the maximum amount of 100 "A" Ordinary Shares. The Board of Directors may only issue "A" Ordinary Shares to introducers and intermediaries who have entered into an agreement for that purpose with the Company.

If and when issued by the Board of Directors, the "A" Ordinary Shares shall constitute a separate class of Shares in terms of the Fund's constitutive documents but they shall not constitute a separate sub-fund of the Company. The "A" Ordinary Shares shall not carry voting rights and shall be issued as distribution shares. The dividends, if any, declared by the Board of Directors for any of those Shares, shall be deducted from any dividend declared for the Founder Shares, in such manner that the total amount of dividends declared for the Founder Shares and for the "A" Ordinary Shares shall not exceed the aggregate of the Performance Fee and Investment Management Fee due under the terms of the Offering Supplement of a Fund. The holders of the "A" Ordinary Shares shall not be entitled to any further distributions of the Company nor shall they be entitled to participate in the assets of the Company upon liquidation, except for repayment of paid up capital following the settlement of any and all amounts due to the Investor Shares and the Founder Shares. Distributions, if any, shall be payable to the holders of the "A" Ordinary Shares in proportion to their respective shareholding.

Article 26.1 of the Articles of Association provides that the Directors may, as they from time to time think fit, and subject to the applicable laws, declare and pay such interim or final dividends in such currency as the Directors may deem appropriate, subject to the observance of any applicable law, on Founder Shares, "A" Ordinary Shares and Investor Shares of a Fund as appears to the Directors to be justified, subject to any policy statement in relation to dividends in the Offering Supplement of a Fund: provided that when dividends are not paid on Investor Shares, income will be accrued within the Net Asset Value of the relative Fund and provided further that distributions on Founder Shares and "A" Ordinary Shares, if any, shall be calculated in a manner that the total amount of distributions on Founder Shares and "A" Ordinary Shares shall be an amount not exceeding the aggregate of the Management Fee and the Performance Fee due under the terms of the Offering Supplement of a Fund, which amount shall in no way be restricted to the amount of income received or receivable by the Company (from investments made by the Funds) during the relevant Accounting Period.

**(ii) Voting Rights and Class Meetings**

Rules for the calling and conduct of meetings of Shareholders are contained in the Articles. All Shares in the Company shall entitle their holder to receive notice of and to attend at general meetings of the Company. However, save for what is stated hereunder or unless otherwise provided in the terms of issue with respect to a particular class or classes of shares, only Founder Shares shall carry voting rights, accordingly only holders of Founder Shares shall be entitled to vote at general meetings and for any



possible alterations to the Memorandum and Articles of Association including alterations to the share capital of the Company. At a meeting of Shareholders, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded by the chairman or by any Shareholders present representing at least one tenth in number or value of the Shares in issue having the right to vote at the meeting whether on a show of hands or on a poll. On a show of hands every Shareholder, whether present in person or by proxy, shall be entitled to one vote. A holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

The rights attaching to any class or classes of Shares constituting a Fund may only be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the Shares of that class. The quorum at any class meeting or general meeting for the variation of class rights shall be Shareholders present in person or by proxy together holding at least one-third of the Shares of the relevant class.

### ***(iii) Winding Up***

Subject to the provisions in the Articles on segregation of liability (reproduced hereunder) and the provisions of the Companies Act, if the Company shall be wound up the liquidator shall apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund.

In the event of winding-up of the Company or of any Fund, the Company shall give two weeks' notice to the MFSA and the winding up shall be subject to the prior approval of the MFSA.

A Fund may be wound up separately and independently from any other Fund or the Company, and any such winding-up may be carried out in terms of the relevant provisions of the Companies Act, pursuant to the provisions of the Companies Act (Investment Companies with Variable Share Capital) Regulations.

The liquidator shall, unless the holders of three-fourths of the Shares or Class of Shares affected request in writing to the contrary, divide the whole or any part of the remaining assets of a Fund in specie among the shareholders of a Fund pro-rata to the number of shares in that Class of shares held by them.

### ***(iv) Segregation of Liability***

Pursuant to section 9 of Legal Notice 241 of 2006, the assets and liabilities of each individual Fund comprised in the Company shall constitute a patrimony separate from that of each other Fund of the Company so that the assets of one Fund shall be available exclusively for the creditors and shareholders of that Fund.

The assets allocated to a Fund shall be applied solely in respect of the Shares of such Fund and no shareholder relating to such Fund shall have any claim or right to any asset allocated to any other Fund.

Any asset or sum recovered by the Company by any means whatsoever or wheresoever shall, after the deduction or payment of any costs of recovery, be applied to the Fund affected. In the event that in error assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect hereof cannot otherwise be restored to that Fund, the Directors shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to all other claims against such Fund or Funds, assets or sums sufficient to restore to the Fund affected, the value of the assets or sums lost to it.

The Company may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the Maltese courts as it would have been if the Fund were a separate legal person.

In any proceedings brought by any shareholder of a particular Fund, any liability of the Company to such shareholder in respect of such proceeding shall only be settled out of the assets of the Fund corresponding to such Shares without recourse in respect of such liability or any allocation of such liability to any other Fund of the Company.

Nothing in the above shall prevent the application of any enactment or rule of law which would require the application of the assets of any Fund in discharge of some or all of the liabilities of any other Fund on the grounds of fraud or misrepresentation.

**(v) Mandatory Redemption**

The Company must redeem all outstanding Investor Shares where the Net Asset Value of the Shares in a Fund falls below an amount established in the relevant Offering Supplement. The Company will not redeem an investment that falls below the Minimum Holding where this is the result of a fall in the net asset value of the investment.

**(C) Annual Reports**

The audited financial statements of the Company will be prepared in the Base Currency of the Company (and in the Fund Currency for each Fund) up to 31st December in each year, the first being for the period up to 31st December 2018, within six (6) months from the financial year end, subject to any extension permitted by the MFSA. Financial statements will be sent electronically to the Shareholders (or upon request, in hard copy at their registered address) not less than 14 clear days before the date fixed for the general meeting of the Company at which they will be presented.

**(D) Notices**

Any notice or other document to be served on any Shareholder, if served by post, shall be deemed to have been served 15 days after the time when the letter containing the same is posted and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed, stamped and posted.

**(E) Taxation**

Holders of Investor Shares should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of a Fund, capital gains within a Fund, whether or not realised, income received or accrued or deemed received within a Fund etc., and this will be according to the laws and practices of the country where the holder of Investor Shares is subject to tax. Investors who are in any doubt as to their tax position should consult their own independent tax advisors. In addition, investors should be aware that tax regulations and their application or interpretation by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

The following statements on taxation are with regard to the law and practice in force in Malta at the date of this Offering Memorandum and do not constitute legal or tax advice to Shareholders or prospective Shareholders:

## 1. *The Company*

In terms of current legislation, collective investment schemes are classified as either prescribed or non-prescribed funds. In general, a prescribed fund is defined as a fund resident in Malta, which has declared that the value of its assets situated in Malta amount to at least eighty five per cent of the value of the total assets of the fund (hereinafter "Prescribed Fund"). Other Maltese resident funds which do not have such an exposure to Maltese assets and all non-resident funds are treated as being non-prescribed (hereinafter "Non-Prescribed Fund"). The Funds within the Company will not derive any income or gains from immovable property situated in Malta.

### a) Prescribed Fund

A Prescribed Fund is subject to a 15% final withholding tax on bank interest payable by banks licensed under the Banking Act, 1994 and a 10% final withholding tax on interest, discounts or premiums received from (a) the Government of Malta, (b) corporations or authorities established by law, (c) companies or other legal entities, whether resident in Malta or otherwise, in respect of public issues and (d) companies or other legal entities resident in Malta in respect of private issues. A Prescribed Funds is exempt from Maltese income tax on any income and capital gains. Capital gains, dividends, interest and any other income from foreign securities held by the Fund may be subject to tax imposed by the country of origin concerned and such taxes will not be recoverable by the Fund or by Investors.

### b) Non-Prescribed Fund

Non-Prescribed Funds are exempt from Maltese income tax on any income and capital gains. Capital gains, dividends, interest and any other income from foreign securities held by the Fund may be subject to tax imposed by the country of origin concerned and such taxes will not be recoverable by the Fund or by Investors.

### c) Value Added Tax

Fees chargeable to the Company may be subject to VAT in accordance with applicable law. If any VAT is charged, this will not be recoverable by the Company.

## 2. *Shareholders' income tax treatment*

### a) Capital Gains

Capital gains realised by Shareholders who are not resident in Malta are not subject to tax in Malta.

#### (i) Prescribed Fund

Shareholders resident in Malta are exempt from tax in Malta for as long as the shares are listed on the Malta Stock Exchange and the Fund remains classified as a prescribed fund on repurchases of any of their shares by the Company.

#### (ii) Non-Prescribed Fund

Shareholders resident in Malta may opt to be subject to a 15% final withholding tax which shall be deducted at source by the Fund on any capital gains realised by Shareholders. Alternatively, Shareholders may opt to receive any capital gains without deduction of tax in which case such Investors would be bound to declare such capital gains in their personal income tax return and would be subject to tax at the normal rates of tax which are applicable to them. In case of transfers to third parties, the transferor is obliged to declare any capital gains in the personal income tax return and pay tax at the normal rates. Any capital gains on an eventual redemption will be calculated without reference to any intermediate transfer. Capital gains arising from the exchange of shares in the Fund for shares in any other Fund within the same Company, are only taxable when the shares are eventually disposed of. Any gains or losses arising from the exchange of shares will be taken into account in the computation of any taxable capital gains.

b) Dividend distribution

The tax treatment of dividends distributed by the Fund, whether these are reinvested or otherwise, depends on the income tax status of the particular Investor and on the Fund's income tax accounts out of which the dividends are distributed, as set out hereunder:

(i) The distribution of profits derived by a prescribed fund from interest, discounts or premiums, which were subject to 10% or 15% withholding tax, will not attract any further tax in the hands of Investors.

(ii) The distribution of profits by a Fund from dividends received by that Fund out of the Maltese Taxed Account or the Foreign Income Account of other Maltese companies do not attract any further tax in the hands of Investors.

(iii) All other income will be allocated to the Untaxed Account of the Fund. Distributions from the Fund's Untaxed Account to Maltese resident Investors (other than companies), or to non-resident Investors (including non-resident companies) who are owned and controlled by, directly or indirectly, or who act on behalf of, persons who are ordinarily resident and domiciled in Malta, are subject to a 15% withholding tax. The distribution of profits to other persons not referred to in this paragraph (b) is not subject to withholding tax.

**(F) General**

The Company has not since its incorporation been engaged in, or is currently engaged in, any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.

The Company does not have, nor has it had since incorporation, any employees.

Save as disclosed above, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue or sale of any capital of the Company.

The Directors are not required to hold any qualification Shares. There is no age limit at which the Directors are required to retire.

At the date of this Offering Memorandum, the Company has no loan capital (including term loans) outstanding or created but unissued and no outstanding charges or other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

In terms of Article 32 of the Articles of Association of the Company, the Company shall indemnify its Directors, Officers, employees and any person who serves at the request of the Company as a director, officer, employee of another company, partnership, joint venture, trust or other enterprise, subject to the provisions contained therein.

**(G) Documents for inspection**

The following documents shall be available for inspection by prospective investors at the offices of the Administrator during normal business hours:

- (a) Memorandum and Articles of Association of the Company;
- (b) The Offering Memorandum;
- (c) The Offering Supplement/s to the Offering Memorandum;
- (d) The most recent audited financial statements of the Company;
- (e) The agreements between the Company and its Service Providers;

- (f) The Company's investment services licence;
- (g) The report on the calculation of Net Asset Value;
- (h) Any valuation report drawn up in connection with subscriptions or redemptions in specie.

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## **Appendix I – Net Asset Value**

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### **Determination of Net Asset Value**

The Company shall on each Valuation Day determine the Net Asset Value, and the Net Asset Value per Share of each Fund. Each Fund's Net Asset Value shall be equal to the value of the assets of any kind of the particular Fund after the deduction of such sub-fund's liabilities. The Net Asset Value per Share of each Fund shall be its Net Asset Value divided by the number of Shares in issue in such class. The Net Asset Value shall be expressed in the Fund Currency as a per share figure for each class of Shares in issue (rounding down to at least the fourth decimal place of the relevant Fund Currency) and shall be determined for each Valuation Day in accordance with Articles. Information regarding the Net Asset Value per Share as determined on each Valuation Day is available from the Administrator.

There shall be established a pool of assets for each Fund in the following manner:

- (i) the proceeds from the issue of shares representing a Fund shall be applied in the books of the Company to that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of this Article;
- (ii) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;
- (iii) where the Company incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund;
- (iv) where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, such asset or shall be allocated to all the Funds pro-rata to the Net Asset Value of each Fund;

Provided that all liabilities of the Company irrespective of the Fund to which they are attributable, shall (in the event of a winding up of the Company), unless otherwise agreed upon with the creditors, be borne by the Company as a whole and provided further that when issuing a class of shares in regard to any Fund, the Directors may allocate Commission, Duties and Charges and ongoing expenses on a basis which is different from that which applies in the case of shares in other classes in the Fund.

### **Suspension of Determination of the Net Asset Value**

The Directors may, at any time, but shall not be obliged to, temporarily suspend the determination of the Net Asset Value and the sale and redemption of Shares in the Company, in the following instances:-

- (i) during any period (other than holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the investments, or in which trading thereon is restricted or suspended; or
- (ii) during any period when an emergency exists as a result of which disposal by the Company or any Fund of investments which constitute a substantial portion of the Company's or any Fund's assets is not practically feasible; or
- (iii) during any period when for any reason the prices of investments cannot be reasonably, promptly or accurately ascertained by the Company; or

- (iv) during any period when remittance of monies which will, or may, be involved in the realisation of, or in the payment for investments cannot, in the opinion of the Company, be carried out at normal rates of exchange; or
- (v) during any period when the proceeds of sale or redemption of Shares in the Company cannot be transmitted to or from the Company's account;
- (vi) whenever a Fund receives one or more redemption requests which in aggregate exceed fifteen per cent (15%) of the Fund's Net Asset Value.

It is a condition of the Company's collective investment scheme licence that the MFSA may request the Company to suspend the determination of the Net Asset Value.

The Company may elect to treat the first Business Day on which the conditions giving rise to the suspension have ceased as a substitute Valuation Day in which case the Net Asset Value calculations shall be effected on the substitute Valuation Day.

The Company shall also inform in any manner it may deem appropriate the persons who have made an application to the Company for the purchase and redemption of Shares in the Company.

Notice of any suspension or postponement of the calculation of the Net Asset Value of a Fund will be published in either a daily newspaper and such other newspapers as the Directors may from time to time determine or on the Administrator's website and will also be notified to the MFSA without delay.

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## Appendix II – Valuation of Assets

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### 1. General principles

Unless otherwise stated in the Offering Memorandum or in an Offering Supplement the value of the assets comprised in the Company shall be ascertained as described in this appendix.

The Company and each Fund shall maintain its book of account in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU unless stated otherwise in the Offering Memorandum or an Offering Supplement.

The Fund's assets shall, where applicable, be valued in accordance with the following general accounting principles:

- (i) it is assumed that each Fund will continue to exist in the future;
- (ii) the same valuation methods as in the previous accounting periods shall be applied;
- (iii) prudent valuation methods shall be followed at all times:
  - the NAV shall include accrued income as to date of preparation of each valuation and the financial statements,
  - all possible costs, related to the current accounting periods, shall be taken into account regardless of the time of the invoice ;
- (iv) revenues and expenses related to the accounting period shall be taken into account when calculating NAV regardless of the date of receipt or payment thereof;
- (v) accrued income shall be included in the Fund's Statement of Investment Income only if there is no doubt that it shall be received.

Deviations from the above mentioned accounting principles may be made in exceptional cases only. Any such case shall be explained in the notes to the financial statement, stating its impact on the Fund's assets and liabilities, financial position and financial results.

### 2. Principles for Valuation of the Fund's Assets and Liabilities

Acquisition (purchase) and disposal (sale) of assets shall be booked using trade the date approach and such approach shall be applied consistently to all Fund assets.

The Fund Directors shall be entitled to divide all the Fund's financial assets and liabilities in the following two categories substantiated by a reasoned out rationale:

- (i) financial assets/liabilities held for trading;
- (ii) financial assets/liabilities held to maturity.

Financial assets and liabilities held **for trading** are financial assets and liabilities purchased or incurred principally for the purpose of selling or repurchasing in the near future.

Financial assets and liabilities **held to maturity** are financial assets and liabilities with fixed or determinable payments and fixed maturity, which may and are meant to be held to maturity. The Board of Directors shall be entitled to include financial assets with fixed or determinable payments and fixed maturity in the category of financial assets held to maturity, if they intend to hold such financial assets to maturity and are able to do so.



The Board of Directors shall classify financial assets with fixed maturity at the moment of purchase and shall review asset classification on a regular basis.

In valuating financial assets the following principles shall be used:

- (i) financial assets and liabilities held for trading shall be valued at their fair value; and
- (ii) financial assets and liabilities held to maturity shall be valued at amortised cost applying the effective interest rate method.

Financial assets initial recognition in financial statements shall be valued at their acquisition value, which is the fair value paid for the asset. The transaction costs directly related to the purchased asset are included in the acquisition value.

There shall be deducted from the assets such sum in respect of tax (if any) as, in the estimate of the Directors, will become payable in respect of the current accounting period.

Where the current price of an investment is quoted, ex dividend or interest, there shall be added to the assets a sum representing the amount of such dividend or interest receivable by the Company but not yet received.

There shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Directors may have determined to amortise less the amount thereof which has previously been or is then to be written off.

The value of liabilities shall be calculated by adding up all outstanding liabilities charged to the Fund's account, including fees payable from the Fund's property to the Company, the Custodian, the Auditor and third parties, liabilities ensuing from the Fund's loans, and other liabilities.

## **2.1. Valuation of Financial Instruments in Regulated Market**

The value of any Financial Instrument quoted, listed or normally dealt in on Regulated Market shall be calculated by reference to the price appearing to be the latest available dealing price or (if bid and offered quotations are made) the latest available bid quotation (for long positions) and offer quotation (for short positions) on such Regulated Market provided that:

- (i) if a Financial Instrument is quoted, listed or normally dealt in on or under the rules of more than one Regulated Market, the Directors shall adopt the price on the Regulated Market which, in their opinion, provides the principal market for such investment;
- (ii) in the case of any Financial Instrument which is quoted, listed or normally dealt in on or under the rules of a Regulated Market but in respect of which, for any reason, prices on that Regulated Market may not be available at any relevant time, the value thereof shall be determined by an Independent Qualified Valuer who shall be appointed for such purpose by the Directors;
- (iii) the Directors shall not be under any liability by reason of the fact that a value reasonably believed by them to be the latest available price or, as the case may be, bid quotation for the time being may be found not to be such; and
- (iv) there shall be taken into account interest accrued on interest-bearing investments up to the date at which the valuation is made unless such interest is included in the price or quotation as referred to above;

## **2.2. Valuation of Debt Securities Held for Trading**

The fair value of debt securities held for trading that are quoted on Regulated Market shall be obtained according to paragraph 2.1.

The fair value of debt securities held for trading that are not traded on Regulated Market shall be obtained according to the following methodology:

- (i) the best bid price, deemed to be the reliable bid price (which in the opinion of the Directors is reliable, realistic and reflects the market situation) quoted by a reputable market participant in the Bloomberg system (or other recognised trading platform) as at the close of business on the Valuation Day shall be used;
- (ii) if the quoted bid price, as described in Paragraph 2.2.(i), is not available on the Valuation Day, then the last quoted bid price shall be used;
- (iii) if the market of specific debt security is not active and the last quoted bid price is not available for last 5 trading days before Valuation Day then a written relevant price, deemed to be a reliable price offer, quote from a reliable market participant may be used for valuation purposes;
- (iv) if trading in the Financial Instrument is not active and there is no relevant price quote available from a reliable market participant, then the fair value shall be established by an Independent Qualified Valuer.

In the case of isolated and non-recurring event of substantial change in the terms attributable to any particular Financial Instrument, such change shall be reflected in the accounting and valuation of such Financial Instruments.

All short positions of debt securities are deemed to be held for trading and a relevant ask price shall be used.

## **2.3. Valuation of Debt Securities Held to Maturity**

Debt securities held to maturity are valued at amortized cost applying the effective interest rate method, i.e., security's book value is the sum of its acquisition value and depreciated discount or mark-up value. If the yield on securities is paid out as a coupon, the accrued interest or coupon portion shall be added to the amount conforming to the period of time from the starting date of such coupon calculation until the date of Fund's net asset value calculation.

Provisions for material impairment of Financial Instruments held to maturity are deducted from NAV.

## **2.4. Valuation of Equity Securities**

The fair value of equity securities quoted on a Regulated Market shall be obtained according to paragraph 2.1.

Equity securities not traded on Regulated Markets shall be valued at their acquisition value and subsequently at their fair value as determined by an Independent Qualified Valuer who shall be appointed by the Directors in consultation with the Auditors.

Short equity positions should be valued using relevant ask price.

## **2.5. Valuation of Shares or Certificates of Other Investment Funds**

The value of each unit or Share in any collective investment scheme which provides for the units or Shares therein to be realised at the option of the Shareholder out of the assets of that scheme shall be the last published net asset value per unit or Share or (if bid and offer prices are published) at a last published bid price applicable to the scheme.

## **2.6. Valuation of Cash and Term Deposits**

Cash and similar property shall be valued at their face value (together with accrued interest) unless, in the opinion of the Directors, any adjustment shall be made.

All term deposits shall be classified as financial assets held to maturity and valued at their face value by adding accrued interest to the principal amount of such term deposit.

## **2.7. Valuation of Derivatives**

**Derivatives quoted on Regulated Markets** shall be valued according to paragraph 2.1. and the stipulations of this clause.

**Over-the-counter derivatives, not quoted on Regulated Markets**, are valued at their repurchase price or at compensating transaction price confirmed in writing by a relevant counterparty on the Valuation Day. Compensating transaction is a transaction, which liquidates the derivative.

The value of any listed futures or over-the-counter forward contract using compensation price approach shall be:

(i) in the case of a contract for the sale of the subject matter thereof, the positive or negative amount produced by applying the following formula:  $a-(b+c)$

(ii) in the case of a contract for the purchase of the subject matter thereof, the positive or negative amount produced by applying the following formula:  $b-(a+c)$  where:

a = the contract value of the relevant futures or forward contract;

b = the amount determined by the Directors to be the contract value of such contract as would be required to be entered into by the Company in order to close the relevant contract, such determinate to be based on the latest available price or (if bid and offered quotations are made) relevant bid/ask quotation on the Regulated Market in which the relevant contract was entered into by the Company or on relevant best bid/ask price quoted in over-the-counter market or price confirmed in writing by the partner on the over-the-counter market; and

c = the amount expended out of the Company in entering into the relevant contract, including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith.

**Currency forward contracts and non-deliverable forward (NDF) contracts** shall be valued at fair value applying the compensating transaction price method. When calculating the amount necessary to close the open contract, the bid/ask interest rates and bid/ask foreign exchange rates shall be used to provide a relevant and reliable market value for closing specific position.

**An FX swap** is a Financial Instrument that consists of two parts – foreign exchange spot transaction and currency forward transaction. Therefore, each part of the transaction is valued separately, applying methods used for valuation of the particular Financial Instrument.

**Over-the-counter options and other Financial Instruments** (for example First-To-Default notes, Credit-Linked-Notes) shall be valued at fair value applying the position-closing cost method using the price as at the close of business on the Valuation Day and as confirmed in written by the option writer or the issuer of the Financial Instrument.

**Repo (reverse-repo)** transaction amount shall be included in the Fund assets (liabilities). The liabilities arising from repo (reverse-repo) transaction shall reflect the amount due to (from) the asset buyers (sellers). Accrued interest for the use of funds shall be included in the Fund's assets (liabilities).

**Financial instruments other than above mentioned** investments and derivatives contracts shall be valued in such manner and at such time or times as the Directors shall from time to time determine.

## **2.8. Revaluation of Assets and Liabilities other than in the Fund Currency**

For the purposes of the Fund's accounting, transactions in foreign currency shall be converted into the Fund Currency at the prevailing market exchange rate (daily close mid exchange rate of the currencies as posted on the News and Information Agency *Bloomberg*, *Reuters* or other equivalent source of information) on the date of such transaction.

When determining the NAV of the Fund and the NAV per share of the Fund, assets and liabilities in currencies other than the Fund Currency shall be valued in the Fund Currency at the prevailing mid market exchange rate on the Valuation Day.

Gains or losses from exchange rate fluctuations, increasing or reducing the value of the assets and liabilities of the Fund, accordingly increases or reduces the NAV of the Fund.

## **2.9. Valuation of Financial Instruments not quoted on a Regulated Market and Real Estate**

The value of any investment which is not quoted, listed or normally dealt in on or under the rules of a Regulated Market shall be the initial value thereof ascertained as hereinafter provided with subsequent measurement being the fair value thereof made in accordance with the provisions hereinafter contained. For this purpose:

(i) the initial value of such an Investment shall be the amount expended out of the Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Company for the account of a Fund); and

(ii) the Directors shall cause a revaluation to be made of any such investment by an Independent Qualified Valuer as may be appointed for such purpose by the Directors after consultation with the Auditors. To the sole discretion of the Directors, such revaluation may be increased by a value equal to the costs of acquisition including stamp duties, commissions and other expenses incurred in the acquisition thereof. The value of such costs would be amortised during a maximum period of five (5) years.

(iii) the Independent Qualified Valuer appointed by the Directors under paragraph (ii) above shall be independent from the Company, its officials, or any service providers to the Company, be of good standing with recognised and relevant qualifications and an authorised member of a recognised professional body in the jurisdiction where the assets are situated.

(iv) Valuation of SPVs - In its capacity as the calculator of the NAV, the Administrator will, at each Valuation Day, in respect of investments of the Fund consisting of securities (including capital contributions/participations where the capital is not divided into shares) in the SPV through which the

Fund will invest in the underlying assets, be relying on the net asset value of such securities (including capital contributions/participations) of the relevant SPV as provided by the Independent Qualified Valuer appointed by the Company and/or the relevant SPV. The value of the underlying assets in the SPV shall be ascertained as follows:

- i. The value of the equity of an underlying asset that is quoted and actively traded on a stock exchange or other regulated market shall be established with reference to the latest available dealing price or, if bid and offered quotations are made, the latest available middle market quotation; and
- ii. The valuation of underlying assets that are not quoted shall be based on generally accepted international valuation standards, and shall be based on methodologies such as the discounted cash flow method, the sales comparison method, the income Method and the capitalisation method as may be applicable. This paragraph shall also apply to direct investments in immovable property and/or distressed debt.

As long as the selected methodology remains valid for the purpose of valuing the underlying asset, it should be applied consistently at each valuation date.

Such valuations will be carried out and reported upon annually by an Independent Qualified Valuer who is authorised to act in the jurisdiction where the property is situated and are appointed by the Company and/or the relevant entity owned by the Company and/or the SPV, as applicable. The directors shall approve any material changes to the valuation methodology and guidelines, and any replacement of an Independent Qualified Valuer. The valuation procedure shall ensure that the selected methodology remains valid for the purpose of valuing the underlying asset and it should be applied consistently at each Valuation Date. The Directors shall approve any material changes to the valuation methodology and procedures, and shall approve any replacement of an Independent Qualified Valuer. Detailed valuation policies will be provided to investors upon request. Each Independent Qualified Valuer will be chosen among specialized service providers with no connection with either the Fund, the Company or its Directors, and shall have a verifiable track record of at least five years in the valuation of securities which are not traded on a regulated market. The price determined by such Independent Qualified Valuer/s shall be forwarded to the Administrator for valuation purposes. The Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, such prices furnished to it by the Company. In accepting, using and relying on such prices for determining the Net Asset Value of the Fund, the Administrator shall not be liable to the Company, any investor in the Fund, the Directors or any other person in so doing.

The directors (or equivalent administrative body) of the relevant entity owned by the Company and/or the SPV, as applicable, will prepare management accounts in accordance with International Financial Reporting Standards (IFRSs), as well as annual accounts in accordance with IFRS. When a Fund's Valuation Days are more frequent than annual, the latest annual valuation by the Independent Qualified Valuer shall be adjusted by reference to the management accounts of the relevant entity owned by the Company and/or the SPV, as applicable. The process of adjusting by reference to the management accounts of the relevant entity owned by the Company and/or the SPV can be described as follows:

- Property value i.e. the value of real estate asset(s) is taken from the most recent valuation by the Independent Qualified Valuer;
- Management accounts of the relevant entity owned by the Company and/or the SPV are adjusted by replacing the book value of real estate asset(s) by the value from the most recent valuation by the Independent Qualified Valuer;

- Any differences between the book value of real estate asset(s) and the value from the most recent valuation by the Independent Qualified Valuer is adjusted in entity's equity by creating a revaluation gain / loss;
- Resulting equity of the relevant entity owned by the Company and/or the SPV is assumed to be the new value of the given entity and/or SPV.

## **2.10. Other**

Notwithstanding any of the foregoing sub-paragraphs, the Directors may adjust the value of any investment or other property or permit some other method of valuation to be used if it considers that in the circumstances (including without limitation a material volume of subscription or redemptions of Shares in any Fund; or the marketability of the investments or other property; or such other circumstances as the Directors deem appropriate) such adjustment or other method of valuation should be adopted to reflect more fairly the value of such investment or other property

Pursuant to the Administration Agreement the Directors have delegated their function in connection with the calculation of the Net Asset Value to the Administrator. The Administrator is not required and is under no obligation to value underlying assets (including unlisted/unquoted securities) in calculating the net asset value and/or verify pricing information and shall rely entirely upon on the price (including estimated prices) provided by the Company or the Independent Qualified Valuer and in such circumstances the Administrator will not be liable for any loss suffered by the Company any Shareholder and/or third parties by reason of any incorrect or inaccurate valuation of the underlying assets and/or error in the price provided with respect to the value of the underlying assets (including unlisted/unquoted securities). Furthermore, the Administrator shall not be responsible for the selection, oversight or monitoring of any Independent Qualified Valuer appointed by the Company and shall not be liable for any losses incurred by any investor and/or third parties due to any act or omission of such Independent Qualified Valuer.

Every Share allotted by the Company shall be deemed to be in issue and the relevant Fund shall be deemed to include the net amount of any cash or other property to be received in respect of each such Share.

Where, in consequence of any notice or redemption request duly given, a reduction of any Fund by the cancellation of Shares has been or is to be effected but payment in respect of such reduction has not been completed, the Shares in question shall be deemed not to be in issue and any amount payable in cash or investments out of the Fund in pursuance of such reduction shall be deducted.

Where any investment or other property has been agreed to be acquired or realised but such acquisition or disposal has not been completed, such investment or other property shall be included or excluded, as the case may be, and the gross acquisition or net disposal consideration excluded or included as the case may require as if such acquisition or disposal had been duly completed.

There shall be deducted from the value of any investment in respect of which a call option has been written the value of such option calculated by reference to the latest available dealing price on a Regulated Market or (if bid and offered quotations are made) bid quotation on such Regulated Market or if no such price is available the value thereof shall be determined by such professional person as may be appointed for such purpose by the Directors.

There shall be added to the assets the amount (if any) available for allocation in respect of the last preceding accounting period of the Company but in respect of which no allocation has been made.

There shall be deducted from the assets the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable including outstanding borrowings and accrued interest on borrowings (if any) but excluding liabilities related to redemption requests.

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### Appendix III – Eligible Investors

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The Articles provide that:

1. No shares shall be allotted or issued to or transferred to or be beneficially owned by a person who does not fall within the definition of an “Eligible Investor” as defined in the Offering Supplement to the Offering Memorandum and who has not provided the Company with a written declaration (the Declaration Form) attached to the relevant Application Form.

2. The minimum investment, which a professional investor fund may accept, is established in the relevant Offering Supplement (or its equivalent expressed in other currencies). Once the minimum investment has been made any additional amount may be invested but the total amount invested must not at any time be less than the minimum investment established in the relevant Offering Supplement (save where this relates to a decline in the net asset value without a withdrawal or withdrawals).

3. The Directors shall have power (but shall not be under any duty) to impose such restrictions (other than a restriction on transfer which is not expressly referred to in the Articles) as they may think necessary for the purpose of ensuring that no Shares are acquired or held by any person as described in paragraph 1 above.

4. The Directors may upon an application for Shares or on a transfer or transmission of Shares or at any other time and from time to time require such evidence or declarations to be furnished to them in connection with the matters stated in paragraphs 1 as they shall in their discretion deem sufficient.

5. If a person becomes aware that he is holding or owning Shares in contravention of the Articles he shall forthwith in writing request the Company to repurchase such Shares in accordance with the Articles or shall transfer such Shares to a person duly qualified to hold the same unless he has already received a notice under paragraph 6 below.

6. If it shall come to the notice of the Directors or if the Directors shall have reason to believe that any Shares are owned directly or beneficially by:

- (i) Any person in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Shares; or
- (iii) Any person who is, or has acquired such Shares on behalf of or for the benefit of a person who is not an Eligible Investor; or
- (iv) Any person or persons in circumstances which, (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons whether connected or not, or any other circumstances appearing to the Directors to be relevant) in the opinion of the Directors might result in the Company or any Shareholder incurring any liability to taxation or suffering pecuniary or administrative disadvantages which the Company or such Shareholder might not otherwise have incurred or suffered; or
- (v) Any person who does not supply any of the information or declarations required hereunder within seven days of a request to do so being sent by the Directors;

then the Directors shall be entitled to give notice (in such form as the Directors deem appropriate) to such person or persons requiring him or them to transfer such Shares to a person who is qualified or entitled to own the same or to request in writing the repurchase of such Shares in accordance with the Articles.

7. If any person upon whom such a notice is served as aforesaid does not within 30 days of the date of such notice transfer such Shares or request in writing the Company to repurchase the Shares he shall be



deemed forthwith upon the expiration of 30 days to have so requested the repurchase of all of his Shares which are the subject of such notice whereupon he shall be bound to deliver the confirmation of ownership in respect of the Shares to the Company forthwith and the Directors shall be entitled to appoint any person to execute such documents as may be required for the purposes of the repurchase. The deemed request to repurchase the Shares may not be withdrawn, notwithstanding that the determination of the Net Asset Value for such Shares may have been suspended.

8. Subject to any requisite official consents first having been obtained, settlement shall be effected by depositing the repurchase monies or proceeds of sale in a bank for payment to the person entitled upon such consents being obtained and, if relevant, against production of such evidence of ownership as the Directors may require representing the Shares previously held by such person, together with the repurchase request duly signed. Upon deposit of such repurchase monies as aforesaid such person shall have no further interest in such Shares or any of them or any claim in respect thereof except the right to claim without recourse to the Company the repurchase monies so deposited (without interest) upon such consents being obtained and against the production of the said evidence of ownership with the repurchase request duly signed.

9. The Directors may resolve that the provisions of the foregoing paragraphs shall be applied, in whole or in part, for a defined period or otherwise.

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## Directory

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**Directors of the Company**

Dr. Simon Grima  
Mr. David Grech  
Dr. Malcolm Mallia

**Registered Office**

Level 1, Blue Harbour Business Centre,  
Ta' Xbiex Seafront, Ta' Xbiex, XBX 1027  
Malta.

**Investment Committee**

Dr. Simon Grima  
Mr. David Grech  
Mr. Joseph M. Formosa

**Custodian**

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Regional Business Center  
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Msida MSD1751, Malta.

**Legal Advisors**

CDF Advocates  
25/23 Vincenti Buildings  
Strait Street  
Valletta VLT 1432  
Malta.